Daily Report

Latin America

FBIS-LAT-95-139
Thursday
20 July 1995

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FBIS-LAT-95-139 *20 July 1995*

CONTENTS

CARIBBEAN

Cuba

Patterson's Assessment of Talks Described *[PRENSA LATINA]* 1
Panel Discusses 13 Jul Incident *[Havana Radio]* 1
Daniel Ortega in Nicaragua Condemns U.S. Blockade *[Havana Radio]* 4
Rosales Presides Over End of FAR-CDR National Meeting *[Havana TV]* 4
National Bank Adviser: Two Billion Pesos Out of Circulation *[Havana Radio]* 4
Coffee Production Still Low Despite Technology *[Havana Radio]* 4
Valdez: New Production Sources, Jobs Must Be Found *[Havana Radio]* 5
CTC Panel Debates Tourism Employment Policies *[Havana Radio]* 5

Haiti

Airistide Meets Dominican Republic Official *[Port-au-Prince Radio]* 5
Aristide Meets Voodoo Practitioners 18 Jul *[Port-au-Prince Radio]* 6
Runoff Election Panorama Viewed *[Port-au-Prince Radio]* 7
Communique Sets 6 Aug Date for Partial Elections *[Port-au-Prince Radio]* 7
Exume on Justice System; Brutus Feels Persecuted *[Port-au-Prince Radio]* 8
Charlemagne Cartel Member Attacked, Hurt Slightly *[Port-au-Prince Radio]* 10

MEXICO

Government Wants To Avoid Migration Conflicts With U.S. *[NOTIMEX]* 12
Secretariat Reacts to U.S. House Bill on Exchange Fund *[NOTIMEX]* 12
Zedillo Asks Secretariats To Study Problems in Countryside *[Mexico City Radio]* 12

CENTRAL AMERICA

Nicaragua

Foreign Minister Sees U.S. Understanding on Property Issue *[Managua TV]* 14

Panama

President Interviewed on Fight Against Money Laundering *[Panama City TV]* 14
Labor Minister Comments on Union Protest of Labor Reforms *[Panama City TV]* 15
SUNTRACS Leader on Opposition to Labor Code Reforms *[Panama City TV]* 15

SOUTH AMERICA

Argentina

Judge Orders Trial of Two New AMIA Bombing Suspects *[TELAM]* 16
Provincial Police Chief on Police Involvement in AMIA Case *[TELAM]* 16
Italian President Concludes Visit, Departs for Chile *[TELAM]* 17
Government Reports Unemployment at 18.8 Percent *[NOTICIAS ARGENTINAS]* 17

Bolivia

Government Extends 'State of Siege' for Another 90 Days *[La Paz Radio]* 17
Foreign Minister Justifies 'State of Siege' Extension *[La Paz Radio]* 17
Secretary Soliz Urges Foreign Aid for Coca Eradication *[La Paz TV]* 18
Government Minister on State of Siege, Eradication Efforts *[La Paz TV]* 18
Acting Government Minister Reaffirms Eradication Plan *[HOY 6 Jul]* 19
Agricultural Reconversion Directorate Head Leaves Post *[LOS TIEMPOS 8 Jul]* 19
Sovereignty Commission President Views Border Issues *[PRESENCIA 16 Jun]* 20
Palenque Views MNR's Consolidation of 'Hegemony' *[PRESENCIA 18 Jun]* 23
Comptroller's Office on Tax Collection Difficulties *[HOY 20 Jun]* 25
New Institutions To Strengthen Judicial System *[LOS TIEMPOS 17 Jun]* 26

Brazil

President Cardoso Leaves For Three-Day Visit to Portugal *[AGENCIA ESTADO]* 27
Farmers Protest in Brasilia, Hand Demands To Maciel *[Rio de Janeiro TV]* 27
Government Lends Sao Paulo Treasury 6 Billion Reals *[O GLOBO 15 Jul]* 27
Foreign Reaction to Sao Paulo Bank 'Crisis' *[ISTOE 12 Jul]* 28
Central Bank President Interviewed *[O ESTADO DE SAO PAULO 9 Jul]* 29
Struggle Over Telecommunications Bill Viewed *[O ESTADO DE SAO PAULO 30 Jun]* 32
Court Ruling Suspends New Wage Negotiation Rules *[Rio de Janeiro TV]* 33

Chile

Lobbyists To Be Hired To Protect Chilean Interests in U.S. *[EL MERCURIO 14 Jul]* 34
EU Decides 'Unanimously' To Step Up Trade With Chile *[Santiago TV]* 34
Finance Minister Comments on Central Bank Measures *[EL MERCURIO 5 Jul]* 35

Colombia

Government Guarantees NAM Summit Security *[NOTIMEX]* 35
Proposal To Reform Central Bank Law Viewed *[EL TIEMPO 13 Jul]* 36

Ecuador

Government Ready To Resume Demilitarization Talks With Peru *[Quito Radio]* 37
UN Representative Discusses WTO Accession Talks *[EL UNIVERSO 11 Jul]* 37
Delays, Lack of Will To Implement Reforms Decried *[EL COMERCIO 17 Jul]* 38

Paraguay

Current Economic, Banking Situation Reviewed *[ABC COLOR 19 Jul]* 39

Peru

Visit by Cuba's Fidel Castro Viewed as Unwelcome *[EXPRESO 14 Jul]* 40
Shining Path Leader Recruiting Members From La Cantuta *[EXPRESO 4 Jul]* 40

Cuba

Patterson's Assessment of Talks Described

PA1907134895 Havana PRENSA LATINA in Spanish 0522 GMT 19 Jul 95

[FBIS Translated Text] Havana, 19 Jul (PL) — Cuba and the United States took a new step toward the normalization of their migration relations, one of the most contentious issues in their bilateral dispute, when they concluded yesterday two days of intensive negotiations on the controversial issue.

Anne Patterson, deputy assistant secretary of state for inter-American affairs and head of the U.S. delegation, termed the meeting as "very positive and constructive" and anticipated her "pleasure" in continuing the dialogue soon in New York.

During a news conference upon the conclusion of the talks at the Palace of Conventions in this capital, the U.S. official emphasized that, although no specific agreements were reached, "progress was achieved" in the sense of better understanding each other's viewpoints.

She said that the two countries were in agreement that the pledges made in September 1994 and May 1995 have been fulfilled in the sense of preventing "an unsafe migration" while encouraging departures through legal means.

According to the agreements, the United States pledged to grant no fewer than 20,000 visas per year to Cubans who are interested in traveling to that country and to return to the island those caught on the high seas trying to illegally enter its territory.

According to U.S. sources, the U.S. Interests Office in Havana has granted more than 24,000 visas to date and has returned to the Cuban authorities approximately 70 rafters caught off the U.S. coasts.

Moreover, Cuban authorities have fulfilled their pledge not to try or adopt any punitive measures against Cubans returned by the U.S. Coast Guard.

Upon signing the agreements, the U.S. Government has, for the first time in three decades, removed the controversial migration issue, one of the main sources of conflict between the two countries, from the bilateral political context.

Based on the "Cuban Adjustment Act," adopted in 1967, all the island's migrants who arrived in U.S. territory were immediately considered "political refugees" and immediately received a temporary residence permit and official protection.

In her statements yesterday, Patterson emphasized that her country was quite interested in "facilitating migration, but within an orderly framework of safety and legality."

During the two days of negotiations behind closed doors, both sides maintained absolute secrecy on the issues discussed and on the differences that persist to reach completely normal migration relations.

According to the U.S. official, a broad spectrum of aspects were discussed during the meeting, including what the U.S. delegation calls "excessive" travel-process costs charged by the Cuban authorities to people wanting to emigrate.

Cuba insisted on the need for the United States to suspend the travel prohibition on Cubans who reside in that country as well as the prohibition on sending monetary support to their relatives, measures Washington adopted in reprisal for the rafters' crisis in August of last year.

Another aspect on which Havana has been insisting is the illegal nature of the economic blockade Washington maintains against the island, which in the opinion of Cuban authorities, is one of the fundamental causes of illegal emigration.

The prominent U.S. official acknowledged that these issues were discussed during the talks but explained that no agreement was reached on any of them and that these issues would continue being discussed in upcoming meetings.

Both sides agreed that the negotiations are on a good track and that mutual understanding and respect has prevailed, something they want to continue enhancing.

Panel Discusses 13 Jul Incident

FL1807124595 Havana Radio Rebelde Network in Spanish 1600 GMT 14 Jul 95

["Straight Talk" program with host Osvaldo Rodriguez and guests Julio Garcia Luis, from TRABAJADORES newspaper, and Fernando Davalos]

[FBIS Translated Text] [Rodriguez] A new provocation took place yesterday in Cuban waters and it has angered all Cubans. We are going to talk about this incident here with Julio Garcia Luis, from TRABAJADORES newspaper, and correspondent Fernando Davalos.

Colleagues, I think that the Cuban government's note — released this morning — has angered all the population. The news that aggressor vessels....[changes thought] They did not use weapons, but they are aggressors because they invaded our national territory — they had no authorization — both by land and by air. Yesterday,

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they tried to provoke responses, but they did not get their way. I invite you both to analyze these events. I imagine there must be great commotion in Miami today regarding whether or not the Cuban border guards acted correctly — if they did well by pushing the vessels with the side of their ship. I invite you to analyze this here today, including international law, which is favorable to us. Julito.

[Garcia] One thing must be kept in mind. This is about people who are losing a business. They are acting desperately. Their industry, the industry of counter revolution, seems to be declining. These people have been the terrorist Mafias, who have lived off blackmail and terror, as well as off the money from different agencies allocated to be used against Cuba. They have tried to give proof of vitality and action. They have used this date as a pretext, the date of the unfortunate accident which occurred last year.

[Rodriguez] Yes, the tugboat.

[Garcia] That is only a pretext. A pretext to prove to a community — whom they have been extorting for years — the value of their role, or the role they would like to play. That is my idea. I think that everything must be taken in to consideration in that sense. I think this represents a small, decrepit, and Mafia-like minority. They have no validity, not even over there. We should not give them any further importance.

[Rodriguez] Yes, it's only a tantrum. Davalos, what do you think?

[Davalos] This incident should make all our population think. How did those little boats get here? It's all a farce and a comedy. Our border guards and air force proved they are civilized. They came over here to try to cause a grave incident, however our border guards did not allow themselves to be provoked. They are trying to blackmail us. It's true, we need to be level-headed and not allow a small group of businessmen who negotiate in counter revolution to provoke us. They did not achieve their objective. I wonder, how far do they think they can go? How long do they think they can go on stomping all over Cuba's sovereignty and get in here, and what for? This incident proves their intentions are to blackmail us. They want to take advantage of our principles such as care and respect for life and the welfare of all people. They want to enter Cuba by force.

[Rodriguez] Yes, I think that our border guards and air force acted with great professionalism. We are talking about yesterday's incident, which was carried out by part of that extreme right from Miami, who do not want to disappear. Davalos, I think that this incident was aimed at provoking a grave incident. They did not get their way. I think that we must be careful with their tantrums because wild animals are dangerous when they have a tantrum. They could go far beyond that small provocation — for the sake of calling it something — because in the past they have carried out armed aggressions.

[Davalos] Just one thing, the people's anger is also dangerous. The population was very angry yesterday. They were angry because the plane flew right over us and threw out publicity fliers. I will talk about that later. However, the Cuban Air Force was right up there...

[Rodriguez, interrupting] That's right, they were in combat.

[Davalos] They were up there and they did not shoot at those people. They did not shoot because of their dignity, discipline, and character. Our people wanted them to shoot! They wanted them to shoot, and the people over there should know that! They should have that very clear!

[Luis] I think that the government's note today is very firm. It stresses very clearly that incidents of this nature will not be tolerated. Cuba's borders can not be violated and international laws can not be broken. These international laws are obeyed around the world. I think that the government's note is very clear in that sense.

[Rodriguez] International laws would protect us if one of those planes were to be shot down or if the boats were to be sunk.

[Davalos] Those people are trying to disrupt the migratory accord between Cuba and the United States. They are trying to hinder Cuba coming closer to its emigrants in the United States. They are trying to continue sowing hatred. The attitude of we Cubans — here in Cuba — prove that we are going to resist their efforts. Let's wait and see what comes next, but we must keep calm. There must be peace and tranquility.

[Garcia] There is a possibility that yesterday's incident was a publicity stunt. Essentially, that is what I think. I have not seen news reports from Miami today, but I would guess that this has received a great deal of coverage, thereby strengthening this provocation b having the media air the incident.

[Rodriguez] Last year, they did the same type of thin however it was in international waters. They gave it lot of coverage. I remember seeing a photograph in t NUEVO HERALD in Miami last year. It was a ves that had so many people aboard — it was fake beca no comes from Miami to Cuban waters in a vessel wit so many people. There was not even a place to sit down. They probably just gathered all of the people ....[changes

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thought] I think it was a publicity stunt rigged over there.

[Davalos] They probably made that picture off Miami's coast...

[Rodriguez, interrupting] [chuckles] It was a trick photograph.

[Garcia] Osvaldo, that is the same campaign they orchestrated after the tugboat incident. After that incident took place, Cuba gave all types of information and each and every one was true. As we explained then, it was something that happened without Cuban authorities' will or actions having anything to do with it. It was an incident which was provoked — in the same manner in which a similar incident could occur in a situation of this kind — when workers were trying to impede the tugboat from being taken out of Cuba. A huge campaign was elaborated around that incident. Now, it has served as basis for yesterday's provocation. It is a continuation of the same campaign.

[Davalos] Julito, I want to point out one thing, which was no accident — the Barbados airplane sabotage. The people responsible are currently living in Miami. I am waiting to see when there is going to be a demonstration against those people who placed the bomb on the Cubana de Aviacion airplane.

[Rodriguez] The last provocation made by those from the worm hole [gusanera] in Miami, is the issue we are discussing today in "Straight Talk" with Julio Garcia Luis and Fernando Davalos. I use the term wormhole — which is something that is less in use in our language — because that is a wormhole. We must point that out before we would refer to everyone in this manner.

[Garcia] Yes, Fernando said that yesterday's incident is aimed at blocking the dialogue and normalization process between Cuba and the emigrants. I think that is true; he is absolutely right. Now, we are going toward a new encounter and this hurts these people from the extreme right wing, these small terrorist groups, very much. All of these people have made a living off lies and blackmail. They are going to try to hamper the encounters with the emigrants as much as possible.

[Rodriguez] These encounters always bring forth positive things. The Cuban government has understood the feelings of its community — the Cuban community — in the exterior very well. The government has thoroughly complied with all the promises made to that community last year, during the nation and the emigre meeting. Therefore, we are going to hold a new meeting having complied with all the agreements. We must point out that each one of the agreements we have complied with has been like a stab to the heart of the counter revolution business in Miami. As Davalos said, it is a huge business.

[Garcia] Now, without the U.S. government, that Mafia is nothing. That is what is dictating all the things they are doing now. Up to now, they have felt like the owners and authors of U.S. policies towards Cuba. They have felt themselves playing the key role and imposing — in a certain manner — policy guidelines. Now, the U.S. government has distanced itself from these groups and decides its steps on its own. That has left these people all alone, without a thing to do.

[Davalos] I wanted to point out something else. One of the things yesterday's provokers were doing — what a thing! — was to scorn the word: comrade. That is something very significant. They were using the word: brother. I laugh and wonder why that very significant word is being used? Who is using that word? These people who fly over in a plane, or who forget that they have Cuban brothers over there in Miami who are working very hard? That, over there, is no paradise! There are people over there who don't have a job and live poorly. What are they beating their chests about? As you said before, this is a publicity stunt, pure acting.

[Rodriguez] In the last minute, Julio Garcia Luis.

[Garcia] This is an incident that must be seen from different points of view. First, we must highlight the level of endurance and cool-headedness with which Cuban forces acted. Not a shot was fired, there was no use of weapons whatsoever. Secondly, incidents of this nature will not be tolerated and those who carry them out will have to deal with the consequences. I think that is a very serious warning. However, above all, I think this phenomenon we are discussing today should be seen from the point of view of a concept. This is just a pretext for a campaign of agitation against Cuba. They are trying to use withered schemes. We Cubans must prove that amidst this confrontation of concepts, we are the ones who have ideas, reasons, and morale. Davalos mentioned that they dropped publicity fliers saying: comrades no, but brothers. Comrades and brothers that is what we are here.

[Rodriguez] Of course, that is the truth. Many thanks to Julio Garcia Luis and Fernando Davalos for talking about this interesting issue, which has angered all the Cuban people.

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Daniel Ortega in Nicaragua Condemns U.S. Blockade

FL2007020595 Havana Radio Rebelde Network in Spanish 2300 GMT 19 Jul 95

[Report by PRENSA LATINA correspondent Rey Rodriguez, in Managua, Nicaragua; from the "Exclusive" program]

[FBIS Translated Text] During a ceremony marking the 16th anniversary of the Sandanista Revolution's victory over the dictator Somoza, Daniel Ortega, secretary general of the Sandanista National Liberation Front, today condemned the U.S. blockade against Cuba, and the recent attempts to strengthen it. The historic Sandanista leader said that his party opposes the injustices committed in the world, such as the economic blockade against Cuba. Before thousands of people gathered in Nicaragua Revolutionary Plaza, Ortega reiterated his solidarity with the Cuban people and [words indistinct] in favor of Cuba's project and Commander in Chief Fidel Castro. During the ceremony, Ortega explained the Sandanista National Liberation Front's electoral platform in anticipation of the 1996 elections, and called for national unity from all those who are ready to carry Nicaragua forward. In an open attack on the leadership party, Ortega affirmed that Nicaragua cannot chance instability with a return of Somozan neo-liberalism.

Also present at Wednesday's massive rally was the Cuban delegation attending the 5th Latin American and Caribbean people's meeting. The most crucial problems of today's world were discussed during the four-day meeting here.

Rosales Presides Over End of FAR-CDR National Meeting

FL1307164795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 13 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] Div. Gen. Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces [FAR], presided over the last session of the FAR Committees for the Defense of the Revolution [CDR] national meeting, which assessed joint efforts in defense readiness.

CDR National Coordinator Juan Contino called participants to celebrate a special National Defense Day on 10 September, marked by organization, initiative, and particularly, a thorough patriotic feeling.

[Begin Rosales recording] We always say that the FAR are the people in fatigues; thereby, this CDR-FAR joint task force has as its principal goal to counsel, control, lead — following the Party's guidelines — everything connected with the CDR and FAR missions in maintaining and strengthening our independence and the achievements of socialism. [end recording]

During his closing speech, Div. Gen. Nestor Lopez Cuba stressed that the CDR essential job must continue to be the Revolution's defense, yet, current times make it necessary to discuss the best ways to protect it in the neighborhood. He added that there must be more solidarity among neighbors, where simple issues should be linked to general problems.

National Bank Adviser: Two Billion Pesos Out of Circulation

FL1307125495 Havana Radio Rebelde Network in Spanish 2300 GMT 12 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] During a meeting in Havana of high-level officials of the Cuban Workers Federation, Juan Jimenez Velo, National Bank of Cuba adviser, announced that over 2 billion pesos have been taken out of circulation since measures aimed at healing domestic finances were implemented. Of the 2 billion pesos, 1,484,000,000 pesos were taken out of national circulation, and the rest through the peoples' use of their savings accounts. Currently there are 9,224,000,000 pesos in circulation; 36.1 percent circulating in cash, and 63.9 percent in savings accounts. As we all know, in May of 1994 the measures aimed at healing domestic finances were put into effect. At that time there were almost 12 billion pesos in circulation.

Coffee Production Still Low Despite Technology

PA2007011795 Havana Radio Rebelde Network in Spanish 1700 GMT 19 Jul 95

[From the "National Radio News" newscast]

[FBIS Translated Excerpt] The National Commission of the (Turquino-Manati) Plan has assessed, during its tours, the current situation of the main mountain product: Coffee. Reporter [word indistinct] Marso filed the following:

[Begin Marso recording] Despite the technology and science that the (Turquino-Manati) Plan has brought to the mountain range, the yield per caballeria is still very low and the production of 450,000 quintals per year represents 50 percent of the potential of Cuban coffee plantations.

Specialists point out that among the reasons for these results are the existence of large traditional coffee regions, fertilizer problems, and the duration of periods

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in the shade that coffee requires. [passage omitted] [end recording]

Valdez: New Production Sources, Jobs Must Be Found

FL1907145295 Havana Radio Rebelde Network in Spanish 2300 GMT 18 July 95

[From the "Exclusive" program]

[FBIS Translated Text] Specialists from the National Association of Cuban Economists and the Labor Ministry are studying strategies for the creation of new employment, without renouncing social justice principles.

A period of difficult times lies ahead in Cuba in regard to employment. It is essential to be efficient, to redistribute labor forces, and maintain social justice principles, which are the backbone of the Revolution. Labor Minister Salvador Valdez commented:

[Begin Valdez recording] Resources and supplies come as a result of production, this needs to be clear. So far, we know that we have to rationalize, yet new sources of production and needed employment for the people must be found. The jobs are there. We currently have limited resources, but we have jobs for the people. Today Angelita and other comrades discussed the document, and even though it is perhaps incomplete and has mistakes, we still have jobs [as heard]. There are jobs available in the agricultural sector. Basic Cooperative Production Units [UBPC] need more workers. However, there are subjective problems to solve . This happens when we have hundreds of agricultural workers in a rural area, thereby, we can mobilize many of them to agriculture, increase their salaries to 200 pesos, provide transportation, food, mosquito nets — the investment in dollars that the comrade was proposing. There is no reason not to use those workers, who have skills and knowledge in agriculture. We argue that there are not enough people to cut sugarcane in the UBPC, yet they were available during the harvest. [end recording]

CTC Panel Debates Tourism Employment Policies

FL1307134595 Havana Radio Rebelde Network in Spanish 2300 GMT 11 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] The Cuban Workers Federation [CTC] Executive Secretariat held a meeting on 11 July to discuss several issues, such as the progress of the foreign currency incentive system to economic sectors which export or accrue foreign currency; the operational feasibility of some merchant marine ports and fishing facilities; and the employment policy in tourism facilities. The Secretariat also discussed preparations for the 17th CTC congress.

Enrique Martinez, Economy and Planning vice minister, participated in the meeting, where he reported that approximately $3 million were invested in incentives, and 30 percent of this amount has already been recovered.

There was a heated debate regarding employment in the tourism industry. CTC secretary Pedro Ross Leal made clear that the so-called unregulated contracting [contratacion libre], cannot be an option when a worker is to be hired by a hotel or store. He explained that employers must check the employment exchange, which will have to give priority to those restaurant or business surplus workers who are receiving state benefits due to their unemployed status.

Haiti

Aristide Meets Dominican Republic Official

95CA9176 Port-au-Prince Signal FM Radio in French 1030 GMT 19 Jul 95

[FBIS Translated Excerpt] Dominican Republic Foreign Minister [chancelier; title as heard] Fabio Herrera Cabral, who is on a visit to Haiti, was received yesterday afternoon by Haitian President Jean-Bertrand Aristide. The two men discussed the political and economic relations that exist between Haiti and the Dominican Republic. According to Herrera Cabral, preparations for an eventual meeting between the Haitian and Dominican presidents are coming along well. The Dominican chancellor, who had dinner with President Aristide yesterday, insisted on encouraging the idea of such a meeting. The foreign minister, who was accompanied by other Dominican officials, left Haiti yesterday afternoon at around 1700. Before leaving, he made the following statements to Gary Appolon.

[Begin recording, in Spanish] [Herrera] Yes, well, we responded to an invitation to meet with President Jean-Bertrand Aristide. We just had lunch with him, at the Palace. We had a... [pauses] with the leaders of the Dominican private sector and the leaders of the Haitian private sector. It was a very good meeting, from the point of view of trade, the relations between the two countries, tourism, and so forth. We discussed many topics, and we are going to follow up on these things.

[Appolon] And [words indistinct] that meeting? Would it be the visit of President Jean-Bertrand Aristide to the Dominican Republic to see Dr. Joaquin Balaguer?

[Herrera] Yes, certainly. I think that now it is President Aristide's turn to go to the Dominican Republic, so.... [pauses] In the name of the Dominican Government

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and people: We are very pleased with the hospitable reception we have been given by President Jean-Bertrand Aristide.

[Appolon] And how about in the name of trade? In that connection, what was discussed, Mr. Foreign Minister?

[Herrera] To think about the bilateral relations between the Dominican Republic and its sister republic of Haiti.

[Appolon] And (?how about) commercial plans?. That is, incentives? Especially the free trade zone that could exist between Haiti and the Dominican Republic? What do you have to say about that? Was that topic also discussed?

[Herrera] You know, I think that first we have to do what, as is said in the English language: We are making our shopping list [preceding two words in English]. And that is why it is important that the Dominican private sector today came closer to President Jean-Bertrand Aristide, Prime Minister Michel, and a group of businessmen directly linked to President Aristide — to draw up a list so as to, in the future, reach a commercial agreement.

[Appolon] Thank you very much. [end recording]

That was the deputy foreign minister of the Dominican Republic, Fabio Herrera Cabral, who says he was invited to meet President Aristide. [passage omitted]

Aristide Meets Voodoo Practitioners 18 Jul

95CA9179 Port-au-Prince Signal FM Radio in French 1030 GMT 19 Jul 95

[FBIS Translated Excerpt] President Jean-Bertrand Aristide yesterday received, at the National Palace, some 450 practitioners of Voodoo, come from pretty much all over Haiti — within the framework of his meetings with different sectors of Haitian society. Speaking for his colleagues, one of the Voodoo practitioners said that this meeting is an opportunity for his sector to come out of the isolation into which it plunged in 1806. In order to build a nation, all that nation's citizens must enjoy the same rights and privileges — within respect for the law, he added.

Among the things the Voodoo practitioners expressed a desire for were, notably: the building of a National Peristyle [Voodoo ceremonies are usually and traditionally held under a covered peristyle] for the practitioners of Voodoo, the right for the Vodoo practitioner to participate in the affairs of his country, literacy for Voodoo practitioners, support and training [l'encadrement] for midwives and those who are practicing physicians in traditional medicine, and, lastly, that diplomatic relations be established between Haiti and the countries of Africa.

In his speech on the occasion, the president stressed respect for the beliefs of all Haitians. He said his government will protect the Voodoo practitioners from any potential abuses or discrimination. While asking them to remain always attached to their culture, the president promised the Voodoo practitioners that he would satisfy certain of their requests, in the building of the peristyle. He also invited them to lend the state a hand in the struggle against insecurity and in favor of peace and justice in Haiti. Humercey Bellevue attended that meeting. Here is his report.

[Begin recording, in Creole] [Bellevue] [Passage omitted] One of the spokesmen of the Voodoo practitioners presented to the executive the tableau of requests by the believers in Voodoo, a tableau of requests based on three points: the good relations that should be encouraged between the practitioners of other doctrines and the practitioners of Voodoo in Haiti, without counting the place the government should give the practitioners of Voodoo here. [sentence as heard] They asked if they could be given facilities for a National Peristyle, to allow them to evolve, just like any other religion. [passage omitted]

President Aristide, who opened the dialogue with the Voodoo practitioners, congratulated all Haitians who are not ashamed of supporting and exhibiting their own culture. The 18 July meeting was animated by a good spirit, the spirit that allows people to do good things. President Aristide encouraged all Haitians to get together and cooperate [fe tet ansamb] to do away with suffering and that which divides them, and he also promised to respond to the requests of the Voodoo practitioners.

[Aristide] I have heard your requests. You ask for a National Peristyle. No problem. Continue to organize yourselves, as you are already in the habit of doing; and we, the government, are going to satisfy your request. You... [interrupted by cheers] you have asked for the state to give you land so that you can [word indistinct] that peristyle. Yes, you are going to be given the land on which to set up that peristyle. [cheers] You have asked that the government help you with money, to fight extreme poverty in your areas [an ba peristil yo], so that children can go to school, and so that women can obtain credit [jwenn kont pou fe kredi]. Yes, we are going to satisfy those requests. [cheers]

[Bellevue] We point out that some 450 Voodoo practitioners participated in that meeting, which took on quite a dimension, with much Voodoo music in the Salle des Bustes of the National Palace. On the occasion, the loas

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[Voodoo entities] descended upon a number of Voodoo practitioners participating in the meeting [i.e. a number of practitioners went into trances and became vehicles for the loas to speak. Enticing down the loa is the objective of a Voodoo ceremony, and for a loa to put in an appearance is considered a positive event.]

This is RM [initials as heard], Signal FM. [end recording]

That was Louis Mercier Bellevue's account of that meeting with President Jean-Bertrand Aristide at the presidential palace yesterday.

Runoff Election Panorama Viewed

95CA9175 Port-au-Prince Signal FM Radio in French 1030 GMT 19 Jul 95

[FBIS Translated Text] One week after the publication of the results of the 25 June elections, the great majority of political parties have stressed their decision not to participate in the runoff legislative elections. Approximately seven political parties have already notified the president of the Provisional Electoral Council [CEP] via letter that they are withdrawing from the electoral race. The FNCD [National Front for Change and Democracy], Conacom [National Congress of Democratic Movements], PAN [Genuine National Party], UPD [Union of Democratic Patriots], PAIN [National Agricultural and Industrial Party], Panpra [Nationalist and Progressive Revolutionary Party of Haiti], and the PNT [National Labor Party] have called the 25 June elections a scandal, and warned the CEP not to use their party emblems. Other parties, such as Professor Leslie Francois Manigat's RDNP [Assembly of Progressive National Democrats] and Hubert de Ronceray's MDN [Mobilization for National Development], have not yet notified the CEP that they are withdrawing from the race.

Should it be confirmed that the RDNP candidates will desist, two new Lavalas movement candidates will become winners. One is (Edzer Desarmes), running in the 2d District of Hinche, Maissade. In La Chapelle, Lavalas' (Guignard, Jean Simon) will also become the elected deputy, for he will have no opponent.

In the senate races, several candidates at the bottom of the chart will find themselves in the runoffs. Such will be the case for (Robert Aupont) of the UPDC [expansion unknown], who ended up in eighth place in the senate race in the Department of the West, with six percent of the vote. He could find himself facing Jean-Robert Sabalat in the runoffs.

The Haitian Christian Democratic Party, PDCH, also appears to be wanting to withdraw from the race. The PDCH most formally forbids — with all the reservations to which it is entitled under the law [avec toute les reserves de droit] — the CEP to employ or use its party's label [preceding word in English or emblem on the occasion of the new farce the CEP is preparing to repeat in certain regions strategically selected to be convenient only to them, for the benefit of their cause. They [the CEP] are not different from the others but are unfortunately less intelligent than the others — says the PDCH, in a warning to the CEP. The PDCH has learned that the CEP is undertaking initiatives vis-a-vis the candidates affected by the partial elections with a view to getting them to send the CEP a sample of their emblem or of the emblem of their party or political group. Thus, the PDCH calls on the CEP not to use the party's label [preceding word in English].

The candidates allowed to participate in the partial elections to be held next 6 August must submit their photographs and emblems to the CEP today. Today is the deadline, following a CEP decision to hold elections based on criteria that it defined clearly. The CEP authorities had asked candidates to submit to them, by 19 July at the latest, any and all documents facilitating their participation in those elections. However, the CEP has not provided any information on which candidates have already complied with these formalities — while the date of 6 August has been set for the holding of these elections. Nevertheless, several representatives of political groups had informed CEP President Anselme Remy of their support for the 22 political parties that have decided to boycott the electoral process.

Communique Sets 6 Aug Date for Partial Elections

95CA9174 Port-au-Prince Signal FM Radio in French 1030 GMT 19 Jul 95

[FBIS Translated Text] The CEP, Provisional Electoral Council, officially announces that partial elections for senators, deputies, and municipal councillors will be held in Haiti on Sunday 6 August, in the eight [geographical] departments determined by the CEP. After verification, the BEC's [Communal Electoral Offices] will post the voter lists on the doors of the polling stations at least three days before the beginning of the voting operations, to permit the voters to make sure their names are on the list, and so that voters will be able to identify their polling station with precision.

The CEP reminds polling station authorities that the voting is to begin at 0600 and ends aat 1800, in conformity with Article 104 of the electoral law of February 1995. However, the BED's [Departmental Electoral Office] will have the option of leaving to the discretion of the presidents of the BIV's [Registration and Voting Offices] the management of the 12 hours

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stipulated for the unfolding of the voting operations. Article 101 of the electoral law requires that any and all delays be noted in the part of the official report regarding the beginning of the voting operations.

The CEP takes this opportunity to remind the people in charge of the BIV's that voters standing in line at the moment the BIV's are closed are authorized to cast their votes. The president of the BIV shall see to it that the number of such people is noted in the official report, so that no additional voters can come and join the number of voters present in line at the precise moment the BIV is declared close — says a press release issued on 18 July 1995 by the CEP.

Exume on Justice System; Brutus Feels Persecuted

95CA9172 Port-au-Prince Radio Metropole in French 1600 GMT 18 Jul 95

[FBIS Translated Text] Former Limbe deputy Duly Brutus was released provisionally yesterday afternoon [17 July], after being held for two days, and he accuses the men in power [au pouvoir] — or close to the government [pouvoir] — of having conspired against him, because the charges against him are subversive machinations and complicity in the arson at the Limbe BEC [Communal Electoral Office]. But before listening to Brutus' statement, we will first hear the position of Justice Minister Jean Joseph Exume.

[Begin recording] [Exume] Well, I thank Radio Metropole, Clarens [Renois, Metropole reporter], and its listeners. I take this opportunity to say that, as far as we at the Ministry of Justice are concerned — and people must understand this, must begin to understand this: If you ask me, minister of justice, the question as to whether or not an arrest was legal, I can tell you that I am not in a position to answer your question — because it is not I, the minister of justice, who orders an arrest; it is the judicial system. And in this case, in the case of Duly Brutus, it was the public prosecutor.

What I myself, as minister of justice, can do is to monitor [controler], to supervise, the functioning of the institution — and that is what I do.

But as regards whether or not the arrest was legal because it was effected on a Saturday, I would say — as far as I know, as a lawyer — one can indeed execute an arrest warrant on a Saturday. A summons, or an arrest warrant or any other kind of warrant can be executed up to 1800 hours on a Saturday. On the legal level, Saturday is [chuckles] a normal workday. Not like in the public administration, know what I mean?

[Renois] This matter has taken a political turn. Did you order the release of Mr. Brutus?

[Exume] Again, once again, I say to you, Clarens, in answer, that to think that the minister of justice can order the release — or arrest — of someone is to misunderstand the judicial system! It's a pity that people can't seem to manage to understand that: that the minister of justice is the executive.

As you know, it is the public prosecutor who had issued a warrant. So, I think it is the public prosecutor, who has the authority — to either himself, of through one of his deputies, order someone released provisionally. As he has in fact done. It is not the minister of justice who can do that, Clarens!

[Renois] What one reproches the Haitian justice system for, Mr. Exume — since you are the minister of justice — is for having acted somewhat blindly, perhaps, and proceeded to arrest a prominent figure, who could perhaps have been served a summons to appear [mandat d'enmener] or...

[Exume, interrupting] I think that is an erroneous perception. As you know, justice is one and the same for all. It is not a matter of according any privileges to a prominent figure. Personally, I have nothing whatsoever against Deputy Brutus — but to go from there to saying that he should, because he is a prominent figure, receive special treatment, and that one shouldn't [rephrases] that one mustn't arrest him, I think is not an accurate perception of Justice [la justice].

[Renois] So what's next, in this matter?

[Exume] Generally, when you have opened a dossier, in a case of this kind, without any doubt, the dossier is going to continue, even if the deputy public prosecutor decided to grant provisional freedom. That was his call. It is he who has control of his dossier. But, what I myself know is that the dossier is going to continue. Beyond a doubt, the dossier is going to be channeled to the office of the examining magistrate, who will be able to, should the need arise, depending on the evolution of the preliminary examination, call Deputy Brutus back in — in short, do whatever the the law allows.

I cannot tell you exactly what is going to follow, because it is not I who control the dossier. It is a judicial dossier. [end recording]

That was Minister of Justice Jean Joseph Exume, talking about the Duly Brutus affair during this morning's newscast. Now we have the former deputy himself, who opines on the statements by the minister of justice. He heard the statements this morning over Radio Metropole, and he too will give us his version of this affair.

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[Begin recording] [Brutus] As regards my arrest — and I say this forcefully — it is an illegal and arbitrary arrest. The minister spoke of the need...[rephrases] I mean, [said] that we cannot have people who are above the law. It is certain that someone like Duly Brutus [wishes]— and I am sure that all the members of Panpra [Nationalistic and Progressive Revolutionary Party of Haiti], all the Panpra leaders, wish to be people who respect the law, wish to be people who do not merit any preferential treatment. Nevertheless, when I was arrested Saturday morning, the justice system did not have a right to arrest me — for the simple reason that, according to the Code of Criminal Procedure, I was not arrested in a situation of flagrant offense, not arrested while committing any act. [I was arrested] simply following a vulgar denunciation made by an individual.

The second important thing is that, for us, we think that, clearly, Haitian justice [justice] to this day remains too greatly dependent on political power. When I went to court yesterday, the public prosecutor had no dossier on me available to him.

Secondly, when one looks at the wording of the arrest warrant, it says this: first, subversive machinations [menees subversives]. Nothing precise, as regards what subversive machinations, exactly! Secondly: criminal arson [incendie criminelle]. It does not say whether or not this has anything to do with what happened in Limbe. Thus, when I went before the public prosecutor, he asked me: Mr. Brutus, what are you accused of?

I said to him: I don't understand you, Mr. Public Prosecutor. You have forced me to spend two days in jail and now you ask me what I am accused of? It is up to me to ask that question of the justice system! What does this mean? Why did you arrest me? What crime have I committed?

He was incapable of telling me anything whatsoever about the charges I am accused of, the charges being brought against me by the Haitian justice system.

[Renois] So, Duly Brutus, upon your arrest you promised to tell — yesterday, you promised to tell — the truth, promised to make certain revelations in connection with this affair. Today, I offer you the opportunity to make those revelations, tell that truth.

[Brutus] In my opinion, the truth of this matter is what? As you know, we are going to hold a news conference tomorrow, but I will tell you quickly what it's all about.

In Limbe, there are two Lavalas sectors. And there is a Lavalas sector...[rephrases] especially, at the level of City Hall, there were two Lavalas cartels for communal magistrates accepted as candidates by the Provisional Electoral Council [CEP]. And already as of Thursday evening, three days before the elections, one of the cartels running for communal magistrates, for which no ballots with that cartels names on them had been received, had taken down — already as of Thursday evening! — all the Lavalas banners in Limbe. That was the first deed committed by that particular sector.

And already on Friday, there were rumors in Limbe to the effect that "those people are going to do other things". And thus, Friday evening, it was they who started the fire in the Limbe BEC [Communal Electoral Office], and contrary to what was said over National Haitian Television, the BEC was not burned down. They burned only the ballots inside the BEC. Next: Everyone knows that Senator Rony Mondestin, on the Friday following the elections, openly declared — in front of the president of the Republic, the leaders of the political parties, and the CEP...[pauses] at a dinner at President Jean-Bertrand Aristide's, he said: Mr. President, an injustice is being done to Deputy Duly Brutus — upon seeing, yesterday evening...[corrects himself] that is, the evening before, a report over National Haitian Television. In that report — Mondestin said — Brutus was unjustly accused.

Mondestin declared that everyone knows [words indistinct] that proves that Duly Brutus is the victim of a set-up effected by Mr. (Renaud Bernardin), who is a candidate to the Senate for the Department of the North and the vice delegate for Limbe. And he said that: It is (Renaud Bernardin) who is at the root of the attack against Duly Brutus Sunday morning.

And to this day, no action whatsoever has been undertaken by the justice system against those who made an attempt on my life on Sunday morning!

Secondly, Mondestin said that everyone also knows that it is that same team who started the fire in the Limbe BEC.

[Renois] [comment indistinct]

[Brutus] Well, you know, I don't like — and that is also our party's position — we don't like to make accusations against people just like that. Someone denounced Mr. (Renaud Bernardin).

What I note is that there is a group of events that prove that this is a setup effected by people close to the government — to not say a setup by the government! They [On] tried to kill me on Sunday. That failed. And everyone knows that National Haitian Television was present — almost for the first time, during such an important event — present in Limbe on Sunday 25 June. National Haitian Television, assessing that it had not been able to convince the population of Port-au-Prince,

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returned to Limbe to effect a one hour and thirty minute report [d'une heure trente] on the events in Limbe — while there were far more serious events going on in other towns! That means that there was a desire on the part of the government to corner me — a desire to push my back against the wall, to corner me unjustly. And we have seen the way they proceeded to arrest me. I protest! I think that, in the interest of democracy, in the interest of defending the right, we must take the Haitian Government to court, before international tribunals, because the Code of Criminal Procedure was not respected, during my arrest.

[Renois] Duly Brutus, you also spoke — during statements you made while you were incarcerated in Petion-Ville, or maybe it was yesterday in front of the Office of the Public Prosecutor — of the existence of a certain Saddam militia. Is that something serious? What is it, exactly?

[Brutus] I must tell you that it is not only in Limbe that the Saddam militia exists. It exists in Port-au-Prince as well. And in Mirebalais. But I think that the terrain for that militia's experimentation is Limbe.

Everyone knows this. I have denounced it quite enough. And I add that those young people today have in their possession radio communications equipment. That costs a great deal of money!

Two days before the elections, some 30 or so young people in Limbe, who are armed, in an area called (Pot Levee). [sentence as heard]

Secondly, they all had their radio communications equipment during the demonstration they effected on Sunday morning, following the attack on my life. Thus, everyone knows that that militia is in the process of being formed. Everyone knows that that militia exists, and that, for a long time now, I, a prominent Haitian figure, the former president of the Chamber of Deputies, have been denouncing — and continue to denounce — the creation of this militia.

[Renois] You have been released provisionally. They intend to call you into court again. Do you have enough arguments to prove that you are not involved in this affair? It seems that on the other side as well, they have evidence — against you. There is a justice of the peace accused in this affair, and two other people rather close to you in Limbe are also charged in this affair.

[Brutus] I must explain to you that the two people are not people close to me. They are Lavalas members. That is clear. They are people hostile to Duly Brutus.

The justice of the peace peace is an elderly man 61 years old who suffered and accident and had to have a leg amputated. Thus, I find that this is an injustice that is being committed against that man — who has been in prison for some 10 days — and I invite the government to take all measures to release as quickly as possible the justice of the peace, who was fired unjustly, and then jailed, some 11 days ago.

Now, do I have enough elements in hand to defend myself? I don't have to have any elements. It is up to the justice system to tell me what exactly Duly Brutus has to do with the Limbe fire. I myself know that I have nothing whatsoever to do with the fire in the Limbe BEC. Everyone knows that it is an area totally controlled by the Lavalas sector in Limbe — and that sector has openly fought me. And, furthermore, without respecting an ensemble of democratic principles, that sector continues, to this day, to intimidate all my friends in Limbe.

Do you know that people are afraid, today, in the town of Limbe? They are afraid because the Lavalas sector is armed, and intolerant. That is the current situation in Limbe.

Now, does Duly Brutus have sufficient elements to defend himself with? I ask the justice system to bring forth the information it has against me that proves my participation in that fire! And then, I must say that Duly Brutus — and I said this last night, yesterday, to the judge — I am much more interested in having the Haitian Government cast light on this matter, because I am convinced that the government has a hand in this affair, that people close to the government have a hand in this affair. [end recording]

Those were statements made this morning to the morning newscast by former deputy Duly Brutus, released provisionally after two days of detention. We remind listeners that several party leaders have exhibited their solidarity with Brutus, former president of the Chamber of Deputies, and have denounced what they call the government's temptation to become totalitarian.

Charlemagne Cartel Member Attacked, Hurt Slightly

95CA9178 Port-au-Prince Radio Metropole in French 1600 GMT 19 Jul 95

[FBIS Translated Text] A member of Manno Charlemagne's [mayor-elect of Port-au-Prince] cartel was the victim of an attack. (Denis Charles) was struck by blows from a knife Monday evening at around 2000 in the vicinity of Grande Rue [Port-au-Prince's main street]. According to the Number Two man in the cartel elected to run Port-au-Prince City Hall, the attack was perpetrated by two unidentified persons who tried to force him

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to take a road he was not familiar with. (Denis Charles) says he was saved by a Haitian policeman. Here is his account.

[Begin recording, in Creole] It was about 2005. I was in the vicinity...[rephrases] I was at the at the corner of Boulevard Jean-Jacques Dessalines [also known as Grande Rue Street] and Rue Saint-Honore when, all of a sudden, I felt the car being shaken. I look out the left side and saw the heads of two people who were trying to get into the car. So I (?tried to back up) so they couldn't get in, but they...[rephrases] what they wanted to do was get into the car, try to see if they could get into the vehicle. So, in the struggle, I was, at the same time, trying to open the attache case (?to see if I had anything I could use) with which to drive them off, when one of them told me to follow the motorcycle that was in front of me. Meanwhile, I was struggling, and behind the motorcycle — so I tried to hit the motorcycle that was in front of me. But just as I was about to run over the motorcycle, I noticed that I might (?get stuck). That is, if I ran into the motorcycle, (?it just might be the end of me [m'ka tou koule].

Now, as you know there was a match going on at that time. Mexico was playing against the United States, and [words indistinct] place where many were people waiting for cars, especially students from Carrefour, who were waiting for vehicles. [Words indistinct] unperceived, but the men pushed (?all along the side where I was) and [words indistinct] the other side, struggling. Suddenly, (?during the struggle) a policemen — indeed, all he had was a simple radio [words indistinct] nothing at all — grabbed the guy and started struggling with them. And that's when one of them pulled out a pick [fwenn] and tried to reach over and stab me in the neck with it. I pulled back, and that is when the point of the pick wounded me in the wrist and the chest. He then tried to stab me again. This time I pulled back my head, jerked back my face, so as not to get hit, and I caught the blow on the wrist...

[Unidentified reporter, interrupting] You are the second-higest ranking member in Manno Charlemagne's cartel, which won the election for Port-au-Prince City Hall. Do you think that attack on you was of a political nature?

[(Denis Charles)] I'm not just the second-highest ranking member in Manno Charlemagne's cartel. I am also the assistant secretary general of PROP, which stands for (?Revolutionary) Power of the Popular Organizations [Pouvoir (?Revoisyone) Organizasyon Popile yo].

I think...[rephrases] what I can say is that my car is a car that everyone knows. It is...[rephrases] it [word indistinct] all over the streets, and at one time, in a (?broadcast), instead of [words indistinct] the car too.

Now, we were not really so badly hurt in that ambush [nou pa telman prann nan pyej sa]; however, we did notice that those men were not out to rob us, because if they had been out to rob us, the attache case was there, and they could have taken it. The attache case wasn't taken till much later. Someone else, who was behind, came by, grabbed the attache case, and carted it away. Now, those men's objective was to get me into the dark, force me to follow the motorcycle that was near me. [end recording]

That was a member of the Port-au-Prince City Hall cartel.

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Government Wants To Avoid Migration Conflicts With U.S.

PA2007044195 Mexico City NOTIMEX in Spanish 0324 GMT 20 Jul 95

[FBIS Translated Text] Mexico City, 19 Jul (NOTIMEX) — The Mexican Government is concerned with the "anti-immigrant and anti-Mexican" climate perceived in the border area with the United States and is looking for mechanisms to stop the situation from triggering a confrontation between both countries.

Enrique Loaeza, the general director of the Protection and Consular Affairs Office in the Mexican Foreign Secretariat, reiterated that Mexico "is concerned" with the anti-immigrant climate and the anti-Mexican projections at the border with the United States.

He stated that this trend has worsened in 1995, because several politicians are using the migration issue as part of their campaign in the local elections to be held in various states of the United States.

Reiterating that the Mexican Government is greatly troubled by this type of attitude, Loaeza asserted that it is trying to keep a proper perspective to stop the issue from becoming a reason for a confrontation or conflict between Mexico and the United States.

The Mexican official also commented that the number of migrants to the United States did not increase in the first two months of 1995, and that he hoped the trend would continue during the rest of the year.

He repeated that the Mexican Government will continue to further its policy of total protection for the human and labor rights of fellow citizens who are in other countries.

Secretariat Reacts to U.S. House Bill on Exchange Fund

PA2007042495 Mexico City NOTIMEX in Spanish 0313 GMT 20 Jul 95

[FBIS Translated Text] Mexico City, 19 Jul (NOTIMEX) — The process initiated in the U.S. House of Representatives against the use of the Exchange Stabilization Fund as a means to support foreign currencies has not affected Mexico's financial commitments, the Finance Secretariat disclosed today.

"The beginning of this legislative process in the United States does not jeopardize Mexico's ability to fulfill its financial commitments with other countries or the federal government's ability to continue with the programs and actions already under way," it stated.

The U.S. House of Representatives today approved a bill to stop the use of the Exchange Stabilization Fund to support foreign currencies, including the Mexican peso. The bill must still be passed by the Senate as part of the legislative process. Even if it is approved by the Senate, the executive branch may still veto it.

In a communique, the Finance Secretariat explained that the bill's approval by the House of Representatives "only represents one stage of the legislative process to become a law."

"It is also noteworthy that the amendment seeks to prevent the fund from being used to stabilize any currency, not just the Mexican peso," the communique added.

The Finance Secretariat recalled that the Treasury Department categorically rejected the amendment presented by independent Congressman Bernie Sanders.

A communique issued by Treasury Secretary Robert Rubin stated: "The administration (of President William Clinton) is strongly opposed to the bill presented by Congressman Sanders."

The Treasury Department has stated its determination to continue expressing its concern over this issue in the coming weeks and months.

The Finance Secretariat also reported that Mexico's international reserves as of 14 July were at $13.649 billion and announced that the country will receive $1 billion from the issuance of instruments on voluntary capital markets tomorrow.

Furthermore, Mexico will receive $575 million from the World Bank and the Inter-American Development Bank next week, in addition to resources from the IMF, it added.

The Finance Secretariat reported that the balance of the government's Tesobonos [Treasury Bonds] investment instruments has decreased more than 70 percent over the January balance and now amounts to $7.8734 billion.

"As a result of the measures adopted to stabilize the economy, the current account has practically balanced over the past months, thus we do not require financing in this aspect," the communique indicated.

Zedillo Asks Secretariats To Study Problems in Countryside

PA1907002295 Mexico City Radio Red Network in Spanish 0000 GMT 18 Jul 95

[From the "The Night Monitor" newscast]

[FBIS Translated Text] [Announcer Martin Espinosa] Let's go to Los Pinos presidential residence, where today, Monday, President Ernesto Zedillo installed the inter-secretarial commission of the agricultural cabinet.

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Victor Manuel Suverza is going to tell us what happened at the meeting. Good evening, Victor Manuel.

[Suverza] Good evening. During the ceremony, the president instructed six state secretariats, in coordination with three agrarian organizations that comprise the Standing Agrarian Congress, to submit in three months at the latest some alternatives for resolving the serious problems in the countryside. The president said this way there will be an analysis and discussion of some controversial matters, namely Procampo [Program of Direct Support to the Countryside], although he did not refer to it specifically. Let's listen to what the president is proposing and for which matters he has asked the state secretariats and agrarian organizations to submit solutions within 90 days.

[Begin Zedillo recording] Each group will be tasked with studying a key topic to resolve problems in the countryside. The topics I am proposing are as follows: agrarian regulations; definite Procampo structures and capitalization mechanisms; development of productivity and competitiveness; financing in the countryside; agricultural and livestock marketing; training; support for the organization to achieve technological development; and federalization of the Secretariat of Agriculture, Livestock, and Rural Development. [end recording]

[Suverza] The president said Mexico demands well-being for people in the countryside. He added that the overall development of the Mexican countryside will be one pillar of the nation's progress. During the ceremony held in the Lopez Mateos Hall in Los Pinos, (Deputy Juan Leyva Mendiguel), who coordinates the work of the Standing Agrarian Congress, proposed a new system of financing in rural areas with a long-term outlook. The deputy said the problem of defaulted loans shows the countryside is not profitable. We must say, Martin, the state secretariats that were instructed today by the president to participate in this analysis and to submit alternative solutions in the aforementioned period are as follows: Social Development; Commerce and Industrial Development; Agricultural, Livestock, and Rural Development; Agrarian Reform; Environment, Natural Resources, and Fisheries; and Finance and Public Credit. That is our report.

[Espinosa] Victor Manuel, what really attracts our attention is the request to create definite structures for Procampo, which means it will undergo changes, as the president said.

[Suverza] That is right. At least it will be defined and Procampo will be revamped. This is undoubtedly a controversial issue. Some opposition parties say the purpose is to seek votes. The president added that this is not the only thing that will be done, that the mechanisms to capitalize the countryside will be defined. The two things go hand in hand.

[Espinosa] Regarding Procampo in particular, which is related to the past administration, some people feel it is inadvisable to maintain programs like Pronasol [National Solidarity Program] or Procampo. Now the president is announcing that this commission must analyze definite structures for Procampo.

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Nicaragua

Foreign Minister Sees U.S. Understanding on Property Issue

PA1907200195 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 19 Jul 95

[From the "National Newscast"]

[FBIS Translated Text] A number of prominent U.S. Government and nongovernment personalities with whom Nicaraguan Foreign Minister Ernesto Leal and his delegation met in Washington have exhibited a great deal of awareness and understanding of Nicaragua's democratic consolidation process, as well as the nation's efforts to find a solution to the property problem.

Foreign Minister Leal gave us details over the telephone:

[Begin Leal recording] There is a U.S. Congress resolution that discusses terms for the 1994 aid program. This resolution refers to a series of issues, but the main issue is the property seized from U.S. citizens. There was tacit acknowledgement of the progress that has been made in resolving these problems. We showed that in the first half of the year we resolved problems involving 300 properties that had belonged to U.S. citizens.

Regarding 1994 and 1995 aid, which could be suspended at any moment, I can say they are very pleased and there will be no problem in securing U.S. assistance for Nicaragua, both bilateral and multilateral assistance — that is, country-to-country assistance and assistance through international financial institutions.

We are very happy with the progress we are making in this regard, and we do not believe any problems are in sight. [end recording]

Panama

President Interviewed on Fight Against Money Laundering

PA2007022395 Panama City Telemetro Television Network in Spanish 2300 GMT 19 Jul 95

[Julia Elena Alvear "Exclusive" interview with President Ernesto Perez Balladares at the Presidency; date not given — recorded]

[FBIS Translated Text] [Alvear] In recent months, Panama has been criticized with regard to money laundering and its struggle against drug trafficking. It has been said that money laundering continues within Panama's banking system. What does your government think about this, despite the efforts made, particularly in legal issues?

[Perez Balladares] Evidently, we have not been 100 percent successful, just like the U.S. Government, which has also failed to be 100 percent successful in stopping money laundering within its territory, where money laundering is carried out more than anywhere else in the world. But this does not mean that we will not double our efforts, especially the joint efforts with the United States and other countries to make it increasingly difficult for the illegal use of our banking system, for money laundering activities, particularly the laundering of money obtained from drug trafficking.

[Alvear] Sir, the drug trafficking empire has been characterized for the large quantities of money it has, money that has allowed it to buy off corporations, chiefs of state, ministers, etc. Panama is no exception. We have seen that there are cases of corrupt public servants who participate in this crime. What do you think about this?

[Perez Balladares] You know a chief of state, this one here, and you can rest assured that no money can buy me off, money from no one. If you know of any minister or director who has accepted drug trafficking money, I urge you to tell me. I do not think this is our case or that of my government. It is true that there have been some officials, at other levels, who have been corrupted by drug trafficking. For the past 10 months, since I started my administration, we have been involved in a cleanup process, a process that has been put into effect within the Customs Office, the National Police, the Technical Judicial Police. The offices of the executive branch have made an effort, an effort that is ongoing, to make sure that there will be honest officials, no corrupt officials, and that they will not be susceptible to being bought off by money launderers.

[Alvear] One of the disadvantages for the agencies involved in the struggle against drug trafficking is the lack of equipment and personnel training. How does your government plan to support this?

[Perez Balladares] Let me tell you something: there will never be enough equipment and personnel training. That is not the problem. The problem is that we must continue working, with increased equipment and better training, but they will never be enough. However, that is no excuse to stop doing what we are doing. This is not a struggle that can be won in two or three months. It is a long-term battle where all countries with problems of production, such as the case of South America, of trafficking and consumption, as the case of Panama, or consumption as in the case of the countries of the north; must join efforts to fight this problem together. It is a problem, I repeat, that is not easy or that will be overcome within a short term. It will be a long fight but, in the long run, we will win, if we join efforts.

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[Alvear] Would this be one of the most difficult challenges for your government, Mr. President?

[Perez Balladares] For mine and for the next administration, that is for sure. For the next 10 or 15 years, this will be a main challenge for the Republic.

[Alvear] Why?

[Perez Balladares] Because of what you said. Because drug traffickers have a quantity of money that tends to corrupt everyone, that tends to buy off — with the new tactic they are developing — lawyers, corporations, and consciences at medium and top levels not only of governments but of society as a whole, thus infiltrating the economic structure of countries and this is the big challenge. It is a challenge that must not only be faced by my government but by the future governments and we must be very firm about it.

Labor Minister Comments on Union Protest of Labor Reforms

PA1907171395 Panama City Circuito RPC Television in Spanish 2300 GMT 18 Jul 95

[Interview with Labor and Social Welfare Minister Mitchell Doens by reporter Marcos Castillo at the Palace of the Herons in Panama City on 18 July; from the "RPC Television News" newscast — recorded]

[FBIS Translated Text] [Castillo] Viewers, we are here with Labor Minister Mitchell Doens, who is accompanied by Housing Minister Francisco Sanchez and Democratic Revolutionary Party President Gerardo Gonzalez. We will speak with the minister and ask him about the government's reaction to the steps taken today by SUNTRACS [Single National Union of Construction and Related Workers] —namely, the protest to oppose the Labor Code reforms.

[Doens] Yes, of course. We have stated that this must be considered part of the democratic process and the consolidation of democracy. These actions will be part of our political agenda and the national agenda on a permanent basis, because there always will be groups — albeit, minority groups — that adopt a position either in favor of or against an issue. I believe today's demonstration has been peaceful so far. The demonstrators went to the Legislative Assembly, and no deplorable incidents have occurred.

[Castillo] Minister, will the government's position change if a strike is declared?

[Doens] No, there is no reason for it to change, because, I insist, this is a proposal that was discussed for a long time. It has been a proposal that included the participation of the country's most important labor groups. A large number of labor groups have participated, and I believe a majority position is prevailing in the labor movement — a position that supports dialogue and consultation. Therefore, we have no interest or motivation to withdraw the bill or to undo what has been approved by consensus at the Legislative Assembly.

SUNTRACS Leader on Opposition to Labor Code Reforms

PA1907171495 Panama City Circuito RPC Television in Spanish 2300 GMT 18 Jul 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] In terms of the Labor Code reforms, SUNTRACS [Single National Union of Construction and Related Workers] Secretary General Genaro Lopez was the last labor representative to speak while workers gathered in front of the Legislative Assembly. Under a steady rain and supported by other workers, the labor leader reasserted his union would continue to struggle against the labor code reforms.

[Begin Lopez recording] Everyone here must clearly realize that this will happen before 15 October because the special period of sessions ends on 15 August. Either the Labor Code reforms are approved, or indeed will be approved. That is why we say we must prepare; we must not incur unnecessary expenses; we must start to buy food to resist for the longest time possible! [crowd shouts in the background]

We also want to denounce the Legislative Assembly's irresponsible and threatening position of cordoning off this area with riot police to provoke a confrontation with the workers. Once again, we uphold our decision to carry out peaceful actions, but I want them to know we are not afraid of a confrontation either! [Crowd chants: "Strike, strike, strike!"] [end recording]

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Argentina

Judge Orders Trial of Two New AMIA Bombing Suspects

PY1907020195 Buenos Aires TELAM in Spanish 1922 GMT 18 Jul 95

[FBIS Translated Text] Buenos Aires, 18 July (TELAM) — Federal Judge Juan Jose Galeano has ordered the preventive detention and trial of Antonio Avelino Aguero and Erik Deprez, who were arrested about two weeks ago for their alleged connection with Carlos Telleldin, until today the only suspect in prison for his participation in the attack against the AMIA [Argentine-Israeli Mutual Association].

According to court sources, the magistrate made Aguero and Deprez responsible for an alleged "cover up." Deprez was also charged with "illegal possession of military weapons."

Tradesman Oscar Castro, (alias) El Sapito, was also indicted on charges of violating the motor vehicle regime. The judge, however, ordered his "immediate release," even though he remains at the disposal of the court.

After ordering the preventive detention of Aguero and Deprez, Judge Galeano declared himself incompetent to continue the trial because the crime attributed to them was committed on Buenos Aires territory.

The two were presumably dedicated to illegal activities in auto scrap yards and were allegedly part of the "Telleldin connection"; the latter is suspected of being a member of the local branch of the organization that carried out the attack against the Jewish building.

Aguero was questioned on his cooperation with Carlos Alberto Telleldin, who is being held in prison on charges of being an accessory in the attack on the AMIA. The investigation already has resulted in 66 volumes of material — more than 13,000 pages.

Aguero was accused of having helped Telleldin "obtain, arm, and prepare the van used for the car bomb in the attack against the Jewish building located at 633 Pasteur, in this capital, a year ago." Aguero denied the charges.

Galeano charged Aguero as an "accessory" because he was aware of "the illegal origin of the document" that was found during a raid at an auto scrap yard located on Jose C. Paz, as well as for possession of identity cards that belonged to someone else.

According to the sources, the arrest of Deprez, (alias) El Frances, was possible thanks to information provided by "a witness whose identity is being protected," who said — days before the attack — that Deprez mentioned that "a group of persons" was interested in purchasing a vehicle similar to the one that police suspect was used in the attack.

On 25 June, when he was arrested by the Buenos Aires police, Deprez had in his possession a double-barrel shotgun, a "Ballester Molina" 11.25-caliber pistol, and different types of ammunition. He also had documents on vehicles and documents used to confirm people's identity.

Galeano, who levied a fine of 60,000 pesos on Deprez' assets, concluded that he "also knew about the illegal origin of the documents" in his possession at the time of his arrest.

Three other suspects — Juan Carlos Almiron, Geronimo Agapito Martinez, and Roberto Jose Uhrig — were released. The judge concluded that there was not enough evidence to indict them.

Almiron and Martinez, two of Castro's employees at the "La Biela" auto scrap yard, gave information that satisfied Galeano, who ordered their release for "lack of evidence."

Uhrig, a crane operator, was accused of having driven, apparently on the orders of Telleldin's wife, Ana Boragni, a Trafic-type pickup at Castro's scrap yard around the time of the attack. Galeano, however, decided that the evidence against him was insufficient.

Provincial Police Chief on Police Involvement in AMIA Case

PY2007000695 Buenos Aires TELAM in Spanish 1416 GMT 19 Jul 95

[FBIS Translated Excerpt] Buenos Aires, 19 Jul (TELAM) — Buenos Aires police chief Pedro Klodczyk admitted today that Buenos Aires Province police would be involved in the AMIA [Argentine-Israeli Mutual Association] bombing case that is under investigation.

Hinting at Diego Barreda and Mario Barreiro, who are linked to detainee Carlos Telleldin and who are currently serving in the Vicente Lopez investigations brigade, Klodczyk pointed out: "It is true. Police personnel, especially two officers, are involved."

In remarks to a radio station, Klodczyk explained: "These two officers are still serving because the elements available are insufficient for a trial. Telleldin's testimony alone does not authorize me to do anything. I do not have any elements to arraign them."

During a ceremony marking the first anniversary of the AMIA bombing, DAIA [Delegation of Argentine-Jewish Associations] President Ruben Beraja yesterday

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told the demonstrators about a number of suspicions heavily weighing on the security forces.

During a chat with Klodczyk over Radio del Plata, the DAIA president explained: "My remarks involved a high degree of responsibility. I tried to say it with great prudence and as a service to the units involved."

The Buenos Aires Province police chief noted that "administrative proceedings have been opened against" the two officers, "who initially have testified in this case." He added: "They actually cooperated in Telleldin's detention, precisely as a result of their links with him."

With regard to the case being heard by Judge Juan Jose Galeano, the Buenos Aires Province police chief explained: "We are taking a wait-and-see attitude until we have more elements available. I ordered that no parallel investigations be conducted so as not to interfere in any way with the investigation into such a delicate issue." [passage omitted]

Italian President Concludes Visit, Departs for Chile

PY1907151895 Buenos Aires TELAM in Spanish 1414 GMT 19 Jul 95

[FBIS Translated Text] Buenos Aires, 19 Jul (TELAM) — Italian President Oscar Luigi Scalfaro today concluded his official visit to Argentina, and departed for Chile within the framework of a tour of South American countries.

Scalfaro departed at 1010 from the military sector of the Jorge Newbery Metropolitan Airport, where he was seen off by Foreign Minister Guido Di Tella, Italian Ambassador Giuseppe Borga, and Mariano Cavagna Martinez, Argentine ambassador to Italy.

At the airport before departing, Scalfaro expressed his "great satisfaction" over having been able to visit Argentina, because "I had the pleasure of holding positive meetings" with Argentine authorities. He highlighted his "great friendship" with President Carlos Menem.

"I wish to express my affection for him and wish him, his administration, and the Argentine people, who are inseparable from the Italian people, good luck," he emphasized.

The Italian president said: "I had the opportunity to observe many Italian initiatives, and admire what had been realized" in Argentina.

"The Italian residents in this country are faithful Argentines, but they maintain their great love for the Italian fatherland," he said.

"I am convinced that Argentine and Italian relations will multiply for the good of our peoples, and above all in working for peace in the world," Scalfaro said.

Scalfaro, who arrived in the country on 14 July, began his official activities on 17 July with audiences of authorities from the three branches of government.

He held three meetings with President Menem, at which it was decided that Argentina, as a member of Mercosur [Common Market of the South], and Italy, as a member of the EU, will establish mechanisms for the development of joint economic projects.

During his stay in the country Scalfaro met with representatives of the Italian community in Argentina, and highlighted the need to intensify bilateral economic and cultural relations.

Government Reports Unemployment at 18.8 Percent

PY1907223995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1812 GMT 19 Jul 95

[FBIS Translated Text] Buenos Aires, 21 Jul (NA) — This afternoon, Economic Planning Secretary Juan Llach reported that the unemployment rate has climbed to 18.6 percent nationwide.

Llach pointed out that in some places, unemployment figures are higher than the national average. He cited the examples of Greater Buenos Aires and the city of Bahia Blanca (20.2 percent), the city of Rosario (20.9 percent), Tucuman (19.9 percent), Santa Fe (20.9 percent), and Salta (18.7 percent).

Bolivia

Government Extends 'State of Siege' for Another 90 Days

PY1807124495 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 18 Jul 95

[FBIS Translated Text] The government has officially announced the extension of the state of siege for 90 days because of the conflicts generated with coca producers.

After a lengthy cabinet meeting that ended almost at midnight last night, Government Minister Carlos Sanchez Berzain officially announced the extension of the state of siege.

We repeat: The state of siege will be in effect in the country for another 90-day period.

Foreign Minister Justifies 'State of Siege' Extension

PY1907012895 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 18 Jul 95

[FBIS Translated Text] The Bolivian Foreign Ministry began an international campaign to justify the extension

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of the state of siege and to deny the reports of human rights violations.

Foreign Minister Antonio Aranibar said that notes were sent to Bolivian embassies and consulates to justify the government measures and actions. According to Antonio Aranibar, there is no convincing evidence of abuses committed by the repressive forces operating in the Isiboro-Secure National Park.

Minister Aranibar agrees with the comment made by Government Minister Carlos Sanchez Berzain that coca growers of the Cochabamba tropical region have not been ill-treated:

[Begin recording] The government itself is interested in preventing any abuse that may result from the implementation of the measures. Therefore, the government position, and the position of the Free Bolivia Movement to which I belong, is to guarantee that human rights are not violated. [end recording]

According to Minister Aranibar, the government actions are not an answer to instructions from U.S. officials, with whom President Gonzalo Sanchez de Lozada recently held a confidential meeting during his visit to Buenos Aires. He said the discussions included drug trafficking and not allowing new coca plantations, but there was no specific mention of the Isiboro-Secure National Park. In other words, the president was not told he had to evict the settlers from the park.

[Begin Aranibar recording] Drug enforcement was an issue discussed in general terms; there was no discussion in detail. The Bolivian position, which was reiterated then, is well-known; namely, that coca eradiction will be carried out based on compensation and agreement with the coca growers. But new coca plantations affecting the eradication plan guaranteed by the government will not be allowed under any circumstances. [end recording]

Secretary Soliz Urges Foreign Aid for Coca Eradication

PY1907174295 La Paz TVB Television Network in Spanish 1100 GMT 19 Jul 95

[FBIS Translated Text] Social Defense Secretary Mario Soliz has reported that Bolivia has officially asked the international community for economic support to carry out voluntary coca eradication programs. And by the way, it was said that Soliz will be replaced within the next few days.

Returning from his visit to several European countries, Soliz said that Bolivia has asked the international community to disburse $7,000 per eradicated hectare. According to the Bolivian position, $2,500 would be used to compensate the coca producers, while $4,500 would be earmarked for the alternative development program with the people's participation.

What we want to do with the international community is to establish the limits and the time necessary to carry out this program, Soliz said.

According to Soliz, if they tell us that it must be carried out within 10 years, it means that we have to eradicate 3,000 hectares yearly, and that the country would thus receive $21 million. The eradication plans could thus be carried out with greater or lesser speed depending on the amount of cooperation, but always in agreement with the coca producers in order to avoid confrontations.

The social defense secretary said that the responses by German, Italian, and British officials was quite encouraging. We have been told that they are looking at countries that have begun a consistent policy.

He added that the objective during his recent tour was not to ask for charity, but to show that there is willingness to fight drugs.

Government Minister on State of Siege, Eradication Efforts

PY2007032995 La Paz TVB Television Network in Spanish 0000 GMT 20 Jul 95

[FBIS Translated Excerpt] Congress will decide in the next few hours if it accepts the extension of the state of siege. Today, deputies and senators met in full session of Congress to debate the government justification for extending the state of siege.

[Begin recording] [Unidentified reporter] Government Minister Carlos Sanchez Berzain explained that there are two basic reasons for the extension: First, the events taking place in the Isiboro-Secure National Park and the new coca plantations, and second, the threat of different social sectors beginning a period of disturbances with demonstrations.

[Sanchez Berzain] I would like to recall that in only one week in the Isiboro-Secure National Park, the police found 30 coca maceration pits and 45 kg of drugs. This is the normal drug enforcement process. Mr. President and members of the honorable Congress: I would like to point out that there has been no provocation from the government.

[Reporter] Sanchez Berzain supported the actions of the Umopar [Mobile Police Unit for Rural Areas] and the Ecological Police in the Isoboro-Secure National Park within the framework of the drug enforcement effort. According to Article 111, paragraph four of the Constitution, the government cannot extend the state of siege beyond 90 days or declare another state of

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siege the same year without the consent of Congress. To this effect, the government has to summon Congress to a special session if the event occurs during a recess. This article was interpreted from the government and opposition points of view. [passsage omitted] [end recording]

Even though the names of the people killed in the Isiboro-Secure National Park is not yet known, the Bolivian Labor Federation [COB] says killings did occur.

[Begin recording] [Unidentified reporter] Juan de la Cruz, leader of the coca growers accredited in the COB, accused the police of committing abuses. He reiterated that three people were killed in clashes with the police, but said that they have not yet been identified. He said that even their names are unknown.

[De la Cruz] We are looking for the evidence of this event because peasants reported the killing but the government is denying it. In addition, we still don't have an official report here in the COB.

[Reporter] Juan de la Cruz also said that the exact number of peasant leaders under arrest is not known, but that approximately 50 have been detained. Juan de la Cruz said this group probably includes the main leaders among coca growers, and that this is reportedly affecting the sector's internal organization.

[De la Cruz] We have no way of knowing how they are affected, but the grass roots is organizing itself. We are not giving any orders. Coca growers have always run their own organizations, and peasants do the same. Therefore, they will probably take action. [end recording]

Acting Government Minister Reaffirms Eradication Plan

PY2007010095 La Paz HOY in Spanish 6 Jul 95 p 4

[FBIS Translated Text] Regardless of the threats of coca growers, the government will carry out its eradication plans, and it will seek to assuage the growers through dialogue and understanding, Hugo San Martin, acting minister of government, said yesterday.

He said this 48 hours after five coca grower federations of the Chapare region announced that they will not eradicate a single hectare of coca as long as the executive branch does not comply with the alternative development programs. These programs, according to an agreement between the two parties, should have been enacted simultaneously with the eradication.

San Martin said that "our planned policies (in the field of eradication) will continue being executed," and he announced a campaign of dialogue with the coca growers with the purpose of reaching an agreement. He remarked that the eradication plans will not be suspended because international agreements and Law No. 1008 must be respected

Eradication Plans

The government initially complied with its short-term eradication plan (1,750 hectares by 30 June), and it is currently carrying out a mid-term plan under which 3,500 hectares of coca must be eradicated before the end of the year. The government intends to comply with a commitment made to the United States, which is the main interested party and contributor in the drug enforcement effort.

Following a general meeting of coca grower unions, the five coca producer federations of the Chapare region decided not only to suspend the eradication plan, but to begin a series of mobilizations as of 19 July, a day after the state of siege ends.

The coca producers also reported that they will receive the support of the Cochabamba Sole Peasant Workers Federation, as well as that of urban and rural teachers. The coca grower unions labeled as "unilateral" the government's announcement with regard to eradicating 3,600 hectares of coca before the end of the year.

Tired of Mobilizations

"I think that this country is tired of marches and demonstrations. The plan must be carried out during this process of change," San Martin said. He added that he trusts the peasants will reconsider their position and behave "in keeping with the democratic process."

He also insisted on the fact that the government will use dialogue to convince the coca growers of the need to eradicate coca, realizing that eradication goes hand in hand with honoring offers of alternative development.

Agricultural Reconversion Directorate Head Leaves Post

PY2007021995 Cochabamba LOS TIEMPOS in Spanish 8 Jul 95 p A4

[FBIS Translated Text] Without any explanation, Edgar Perez Armendia, the National Directorate for Agricultural Reconversion (Direco) director, left the post that he had been occupying since January. He managed to eradicate 2,320 hectares of coca crops in various tropical areas of Cochabamba Department.

Direco Administrative Director Hugo Melgar has been acting Direco director since 1 July. Following Ministry of Government guidelines, Melgar allegedly halted the

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eradication process that had been systematically carried out since early January.

Perez Armendia noted that, during his tenure, the eradication targets established by the U.S. Government were surpassed. He added that 1,500 hectares of surplus coca crops were destroyed in June alone, thus preventing the frightening U.S. Administration decertification or economic blockade.

Perez Armendia reported that 160 people worked in the field to eradicate the 2,320 hectares of coca crops. He added that $2,500 was paid as compensation for each eradicated hectare.

Perez Armendia emphasized that there are still 35,000 hectares of surplus coca crops in the tropical region, without mentioning the coca crops existing in the Isiboro-Secure National Park, where, according to government reports, no economic compensation will be paid.

Former Direco Director Edgar Perez did not give any reason for his departure. Nevertheless, he explained that, during his six months as Direco director, he fully complied with the targets outlined by the government.

Sovereignty Commission President Views Border Issues

95SM0411A La Paz PRESENCIA in Spanish
16 Jun 95 p 2

[Interview with Teodosio Imana Castro, president of the Sovereignty and Border Commission, by Carlos Valdez Mattos; date and place not given]

[FBIS Translated Text]

Profile

Teodosio Imana Castro is polite, quiet, and austere. He is somewhat reserved with the press, but when he gets into his area of expertise, he displays his exquisite knowledge of history. His memory is prodigious, like that of the great historians. He can recall the most minute details and dates. Above all, he is an academic. His intimate pride is—what a coincidence—to have succeeded Humberto Vazquez Machicao, one of Bolivia's great scholars, in various posts. He succeeded him at the university when still very young, then in the Central Library Division at UMSA [Greater University of San Andres]; later he moved to the same chair at the Academy of History, and now he is in the same position in the Sovereignty and Border Commission.

His academic record is distinguished. He is a jurist and holds a doctorate in history—from Madrid. He graduated with a degree in philosophy and literature and was a teacher for many years. He is the author of books on history, he was president of the Bolivian Academy of History, and he is a member of the Academy of Sciences. For the past 16 years he has been a diplomat, holding ambassadorial rank. He has conducted various missions, the latest to Czechoslovakia. Since 1993 he has been president of the Foreign Ministry's Sovereignty and Border Commission.

"One thing must be recognized: the former and the present governments are the ones that have paid the most attention to the issue of border demarcation after the recent problem with Chile about Cerro [hill] Sillillica," he said.

But much remains to be done. The National Border Commission has two small offices tucked away in a dark corner of the Foreign Ministry; even here our backwardness in comparison with our neighbors is great. The commission has old radio equipment which people who are posted in remote forest areas, replacing boundary markers, use to send in daily reports. That dedicated work is done by Military Geographic Institute technicians.

We have lost our Litoral [coastal] Department and control of the Paraguay River giving us access to the Atlantic. Bolivia has not won a single border dispute with any of our five neighbors: we have lost half of our territory. No president since Santa Cruz has visited our Litoral Department; our borders remain as neglected as they were in the last century; the country has still not managed to assimilate its border areas. Historian Teodosio Imana Castro, president of the Sovereignty and Border Commission of Bolivia's Foreign Ministry, discusses this tragic situation.

[Valdez Mattos] Since the founding of the republic, we Bolivians have not been able to consolidate our borders. What have our most serious border problems been?

[Imana Castro] Since the birth of the republic (1825) we have had border problems. The first occurred a few days after independence was proclaimed, when an Argentine commission came seeking sovereignty over Tarija from General Antonio Jose de Sucre, based on Royal Letters Patent of 1807 that included Tarija in the ecclesiastical jurisdiction of Salta, without considering the fact that the administrative jurisdiction was different.

Then we had Brazil's first invasion of the province of Chiquitos, a problem which was resolved by the energetic stance of General Sucre, who threatened Brazil with the Liberator's Army.

Later came the invasion of Bolivian territory by Peru with General Gamarra's Army. But the most dramatic problems occurred later with Chile. Until 1842 our border with Chile was peaceful. Chile's successive

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constitutions had recognized the border at Atacama. But that year nitre, guano, borax, and silver were discovered, awakening Chilean greed.

In 1842 the Chilean Congress approved a law incorporating these new resources in its territory. The folowwing year they created a province named Atacama, trying to confuse the borders. That situation continued with border incursions until the Treaty of 1866, when we had our first dismembering through a treaty, signed by then President Mariano Melgarejo.

There were also problems in the last century with Paraguay about possession of the Northern Chaco. The *Uti possidetts juri* of 1810 clearly recognized the jurisdiction of what came to be called Bolivia; the Northern Chaco was established as part of our territory, from the Paraguay River to its confluence near the city of Asuncion with the Pilcomayo River.

Bolivia's internal problems caused our borders to be neglected. We could not exercise real sovereignty in the Chaco, while Paraguay advanced into that territory.

In 1879, when the War of the Pacific broke out, Bolivia chose to recognize new borders with Paraguay. After that treaty came others which were unable to resolve the problem. In 1929 the Paraguayans still had settlements in the Northern Chaco.

We should have been concerned about our sovereignty over the Paraguay River, because our access to the Atlantic was of vital importance after we lost our Pacific coast to Chile.

[Valdez Mattos] Do you mean that we also lost our access to the Atlantic through our own carelessness?

[Imana Castro] That is right. The Litoral Department was founded by General Andres de Santa Cruz a month and a half after he became president in July 1829. Until then Atacama was part of the Potosi province. The decree creating the department also established an obligation for every president of the republic to visit the Litoral Department at least once during his term in office. The only one who did that was Santa Cruz: he spent three months directing the projects he started in Cobija. Later there was a deplorable abandonment. The same thing happened with the Chaco territories. What was important to Bolivia in the Northern Chaco was keeping the entire zone under our sovereignty, especially control of the Paraguay River, whose right bank was ours. But there was also abandoment and neglect there. By 1879 Paraguay had consolidated its positions in the region, built forts, and opened a number of railway lines that facilitated the mobilization of Paraguayan troops during the Chaco War.

At the start of the century we again had problems with Brazil: this time we lost the Acre territories through a war. Earlier we had lost the Mato Grosso territories by a treaty during Mariano Melgarejo's presidency. With Peru we had a border dispute about the Apolobamba territories. The arbiter in that dispute was Argentina, which ended by ruling in favor of Peru, causing Bolivia to break off relations with Argentina in the last century.

With Argentina we had a dispute about the Bermejo River, which was cleared up by the Treaty of 1889, and we lost the Central Chaco territories. So we have had border problems with our five neighbors.

[Valdez Mattos] What is the situation now, in comparison with the last century?

[Imana Castro] The borders are now delimited by treaties. With Argentina we have the Treaty of 1889 and a definitive treaty signed in 1925 by then Foreign Minister Eduardo Diez de Medina. The border demarcation now in progress is based on that treaty. The border with Argentina begins at the Three-Nation Boundary Marker (Bolivia, Chile, Argentina) at Sapaleri and extends to the D'Orbigny Three-Nation Boundary Marker at the 22nd Parallel at the other end.

The border delimitation established in the Peace, Friendship, and Border Treaty of 1904 is in effect with Chile, and on that basis, border demarcation has been in progress since 1906. However, from that year until the present there has been effective demarcation work for 18 years only because of a variety of domestic issues in both countries. Since 1992 there has been an uninterrupted demarcation program in progress.

With Peru a number of treaties are in effect but the demarcation commission was just formed in 1982. Last year demarcation work resumed. The present program with Peru involves checking, replacement, and densification of boundary markers. Our border starts at the Three-Nation Boundary Marker V (Bolivia, Chile, Peru) north of Charana, and it ends at the Bolpebra (Bolivia, Peru, Brazil) Boundary Marker.

With Brazil the Treaty of Petropolis of 1903 is in effect, and that demarcation starts in Bolpebra and goes to the Bobrapa Three-Nation Boundary Marker north of Bahia Negra. That boundary marker was replaced last year.

With Paraguay the Treaty of 1938 is in effect. The border starts at the Esmeralda Boundary Marker on the Pilcomayo River and goes to the border with Brazil. Demarcation is continuing with the checking and replacement of markers.

The joint Bolivian-Argentine Commission has now started work on the replacement and densification of

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boundary markers from the Rio Grande in Tarija to the Itau River. We hope to reach the 22nd Parallel this year. In July the replacement of boundary markers with Brazil will begin. With Peru the program will start in September, from the Suches River to the north. With Chile we have just defined this year's program of boundary marker repair, revision, and densification.

We need to make one central point clear: delimitation is one thing, and demarcation is something else. Territorial delimitation is defined in the international treaties which Bolivia has signed, and demarcation is the border line created by applying those treaties.

[Valdez Mattos] What are the sensitive points in demarcation? Are there ongoing threats of invasion and removal of boundary markers, especially along the border with Chile?

[Imana Castro] With Chile there were disagreements on various points, starting in 1922. Demarcation with Chile began in 1906 and then the first problem arose. Cerro Capitan was confused with another hill. That time it was agreed to place the boundary marker on Abra [pass] Capitan. Then another problem arose in the 1950's in Sicaya, Macaya, and Sillillica, which we managed to setde in special sessions in 1991 and at the regular 1992 meeting.

In 1992 there was a persistent disagreement with the Chilean commission on 11 points, but that has been resolved. In Mayaca, Sicaya, and Sillillica intermediate boundary markers placed by mistake in 1982 have been removed. On Cerro Capitan the boundary marker was placed on the top of the hill.

There are frequent complaints about the removal of boundary markers, but that is not possible either legally or in actuality. Demarcation is done jointly; with each country protocols are prepared for the demarcation and that is how the work is done. Any unilateral change is legally invalid. For each boundary marker the coordinates are prepared and polygonization and triangulation are done. At the present time sophisticated equipment is used that works with a satellite and gives exact and precise coordinates. In addition, each boundary marker has its own erection documentation and technical monograph, and there are underground markers and seals placed by both commissions, so changing the boundary markers is not possible.

[Valdez Mattos] Does this mean there are no demarcation problems with Chile?

[Imana Castro] The 11 points of disagreement have been worked out and there remains a controversy only in the Wallaques region north of Sapaleri; but that is only a technical discrepancy which we expect to resolve.

[Valdez Mattos] With Argentina the 22nd Parallel is still pending.

[Imana Castro] The first demarcation with Argentina was in 1895. That year the demarcation team placed Boundary Marker One at the confluence of the Pilcomayo and the 22nd Parallel. Based on that boundary marker, 17 more were placed, up to the Pocitos River. In 1940 when the boundary markers were checked, both commissions discovered that the D'Orbigny Boundary Marker had been built erroneously six seconds above the 22nd Parallel. That is in the official record. The next six boundary markers had been built based on that first marker. That is where the diference stems from. We hope that revision will have a positive effect; it needs to be done.

[Valdez Mattos] The revision of boundary markers in that region will begin next year?

[Imana Castro] We want to finish the border line from the Itau River to the 22nd Parallel this year. Next year we will reach the parallel. We have not been back to work on that zone since 1940.

[Valdez Mattos] How many kilometers are disputed?

[Imana Castro] I cannot tell you that with precision, but there are indications that it might be 70 linear kilometers. However, I prefer to let the technical team say the last word on that.

[Valdez Mattos] There was a dispute in that zone because it is a petroleum region.

[Imana Castro] It is a petroleum region, but fortunately there are no concerns. Faced with the possibility that conflicts might break out, the petroleum companies in both countries signed an agreement not to work in that region until the problem was resolved.

[Valdez Mattos] Are there demarcation disputes with Brazil?

[Imana Castro] With Brazil the demarcation has been defined, except for the need to repair markers damaged by rivers in flood stages. This year we need to do some densification of boundary markers along our land border, which is not long, as the largest part of our border line is aquatic. It goes along the Itenez, Mamore, Rapiran, and Acre Rivers. With the Brazilian Commission we have agreed to do some revision work starting at Bolpebra. We do have an old problem from the 19th century about possession of Suarez Island off Guayaramerin.

There are no problems with Paraguay. The most recent disagreement was about Cerro Chovoreca, but that has

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been resolved. Now we need to do some revision and densification work.

[Valdez Mattos] Complaints about border problems are frequently sent to the Foreign Ministry. Is this the only organization that deals with the issue?

[Imana Castro] Each institution has its own jurisdiction and role, as we are an organized state. The Foreign Ministry's role is to defend sovereignty in the diplomatic arena. The National Sovereignty and Border Commission handles technical demarcation. The physical protection of our borders is the responsibility of the FFAA [Armed Forces]. They have the constitutional mandate to protect our land, air, and water borders. The Police and Forest Guards also play a part. Complaints about incursions of livestock or foreign nationals are frequently sent to the Foreign Ministry, but that defense is not the role of this ministry.

Despite all of our tragic experiences, our borders remain neglected. It is urgent that we develop our extensive border regions.

Palenque Views MNR's Consolidation of 'Hegemony'

95SM0411B La Paz PRESENCIA in Spanish 18 Jun 95 pp 1, 6

[Report on interview with Carlos Palenque, head of Conscience of the Fatherland Party [Condepa], by Raul Maydana Ch.; date and place not given]

[FBIS Translated Text] While the people suffer and the nation's economic situation grows worse every day, the MNR [Nationalist Revolutionary Movement] government is totally committed to monopolizing all the state institutions to perpetuate its power, the head of Condepa [Conscience of the Fatherland Party], Carlos Palenque, charged yesterday.

In a conversation with PRESENCIA, the Condepa leader said that the return of Max Fernandez and the UCS [Solidarity Civic Union] to the government coalition is intended to create an overwhelming parliamentary majority so the MNR will be able to take over state institutions.

Palenque criticized the fact that the government is celebrating its reconciliation with the UCS, which has consolidated its hegemony in the legislative branch, while the people are struggling in poverty caused by an unproductive and dependent economy.

He gave a rapid sketch of the country which is experiencing its worst crisis in decades, in which levels of delinquency and crime have soared, unemployment has reached 22 percent of the population, there is an extremely grave recession, and thousands of Bolivians have left for other countries.

He also pointed out that, despite its designs, the MNR is deceiving itself if it thinks that its new and overwhelming parliamentary majority will give it control of the nation. The people have shown that they were deceived by campaign promises—for after two years of this government, 80 percent of the people who initially supported the president no longer do so.

Monopolize To Dominate

In Carlos Palenque's view, the government party's intention is to use its new parliamentary majority to gain control of the Supreme Court, the district superior courts, the National Electoral Court, and other institutions, along with concentrating the nation's economic power in a few hands by privatizating public enterprises.

With this monopoly, the present citizen discontent with the government's program would not matter much, as the MNR would still stay in power through elections manipulated by money and controlled by a new Electoral Court that will respond to its intentions.

And if this does not work, as in the Capobianco case, with their control of the Judiciary they will be able to overturn elections unfavorable to the MNR. That is part of the grave danger to Bolivian democracy represented by the "movement takeover" of state institutions, he said.

While the people are suffering and the nation's economic situation is worsening with every passing day, the MNR government is totally committed to gaining control of all state institutions to consolidate its hegemony and so perpetuate itself in power. This statement was made by Carlos Palenque, leader of Condepa, one of the opposition parties directly opposed to the neoliberal economic model.

In a conversation with PRESENCIA, Palenque said that the return of Max Fernandez and his party, the UCS, to the government in reality is not intended to bring about the widely touted "governability," but instead so that the official party will have an overwhelming parliamentary majority enabling it to take over state institutions.

Happiness in Misery

Palenque criticized the government's happiness about the return of the UCS to the government coalition and the consolidation of its hegemony in the legislative branch, while the people are struggling in poverty caused by an unproductive and dependent economy.

He gave a rapid sketch of the country which is experiencing its worst crisis in recent decades, in which levels

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of delinquency and crime have soared, unemployment—he said—has reached 22 percent of the population, the recession is "extremely grave," and the exodus of hundreds of thousands of Bolivians to other countries has increased.

As a result of these declining living conditions, 80 percent of the Bolivians who initially supported the government no longer do, so the government is deluded if it thinks that its overwhelming parliamentary majority will enable it to "sweep" the country. "They have a congressional majority, but a small minority of support among the population," he declared.

Absolute State Control

According to Palenque's analysis, the MNR is probably aware of its low support among the citizens, due to its failure to deliver on its campaign promises, so its strategy of dominating the state, through its independent branches of government, is intended to perpetuate the MNR's power by using methods at odds with democracy.

"I would say that the MNR, since its first day in office, has had the aim of gaining control of our National State institutions," said the head of Condepa, recalling the political desertion movement which encouraged opposition parliamentarians to go over to the government party, so that, with a majority, its views could be imposed.

"As national decisions are being concentrated, the UCS participation will soon give the government a large majority in Congress. This government is little concerned about solving our major social and economic problems; it is spending 100 percent of its time on gaining control of the Supreme Court and the district superior courts, and it is prodding members of the CNE [National Electoral Court] to resign so it can also control that institution."

The government wants to control all state institutions, and in the economic arena it is also concentrating power in very few hands by privatizing public enterprises. It is concentrating on capturing all power so it can retain its hegemony on a permanent basis.

Electoral Manipulation

In Palenque's view, the absolute takeover of the state and the elitist concentration of economic power could cause popular discontent to be turned around through the economic "manipulation" of the next municipal or national elections.

To this might be added partisan manipulation of the process by an Electoral Court dominated by the government party. If, despite these actions, the election results were favorable to the opposition, they could be overturned by the Supreme Court (as in the "Capobianco" case). The Supreme Court most likely will also be controlled by the official party, as it already has a sufficient parliamentary majority.

"If this danger becomes a reality, that will mean the virtual end of the nation and of democracy," he concluded with concern.

La Paz Municipal Experiences

[Maydana] What is your assessment of Condepa's performance in the municipal governments of La Paz and El Alto?

[Palenque] La Paz and El Alto are the two most complex cities in the country, and things are working exceptionally well there. El Alto's government has been consolidated, creating political stability in its executive and municipal council after a long period of instability.

There are problems, but we are solving them.

In the meantime, the city government of La Paz is highly productive and projects are under way everywhere, and that is because we are working together. Condepa is fully carrying out its campaign promises, and we want to extend this experience on a national level.

[Maydana] Still, there is another side of the coin. There are frequent complaints about the administration of the two cities: acts of corruption and the use of "star" projects to win votes from the upper middle class and the bourgeoisie, where Condepa still has no influence. It is said that in the two municipal governments the same vices are seen as in the traditional parties.

[Palenque] Whoever has proof about overcharges and acts of corruption should present them to the Condepa leadership. I will take action to punish people who act in that way.

If corruption is coming from Condepa members, they will definitely be removed; but if these are old city officials in either of the two municipalities, they will be investigated and held up to public opinion as people damaging the progress of the city of La Paz.

[Maydana] What about the projects?

[Palenque] Star projects would be things like fireworks, things that disappear. But here they are doing necessary public projects like building new highways and roads to reduce traffic congestion in the city. In this regard, they are tackling a problem with an economic aspect, because vehicular congestion causes a waste of fuel and auto parts that fail and need to be replaced.

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Areas that had been overlooked are being developed; before, they had no documentation and so had no right to request drinking water, sewage, and electricity systems. Thousands of meters of sewage pipes are being laid in the city, in the hills, and in suburban areas.

The problems of basic services, childcare centers, improvements and creation of new roads (between the southern zone and El Alto) are being dealt with.

Lower-income neighborhoods' avenues and streets are being asphalted—residential areas where in the past they were told they had no right to asphalt... (he listed countless zones and streets where this is being done).

Condepa's position is not to work hastily and ineffectively, but that we should focus on the city for the third millenium, in order to deconcentrate the crowded center city toward outlying areas.

Nor are we talking of social segments, but of needs. For example, the lower income area and the center city have water 24 hours a day, but the southern zone does not. In those areas, people who could afford it have drilled wells and installed tanks to have their own water. But the hills of the southern zone, which are highly depressed, have no water or sewage service.

In the next two months those sectors will be provided with drinking water, and within two years the water problem will have been resolved for the entire southern zone, from one end to the other.

Comptroller's Office on Tax Collection Difficulties

95SM0414A La Paz HOY in Spanish 20 Jun 95 pp 8-9

[Article by Gerardo Bustillos H.: "Very Few Pay Taxes"]

[FBIS Translated Text] About 1 percent of taxpayers pay approximately 60 percent of revenues, while 99 percent of all taxpayers contribute only 31 percent of taxes.

This imbalance has been steadily increasing, illustrating "the low level of efficiency of tax administration," as the Office of the Comptroller General of the Republic explains in its evaluation of tax collections. Another indication of that inefficiency is the poor results in recapturing revenues owed by tax evaders.

Major Taxpayers

Statistics show that in 1988, 36.24 percent of revenues were paid by 602 major taxpayers, all registered in the La Paz tax office, because the Gracos system was not then in operation in Cochabamba or Santa Cruz. This percentage increased to 69.14 percent during 1992 and 1993.

The number of major taxpayers increased by 48.45 percent during 1988-93, growing from 1,327 to 1,961. Nevertheless, it was noted that "registered taxpayers do not include all of those who are able to pay, as there are income-earners who pay nothing to the TGN [Treasurer General of the Nation]."

The RUC Grew

The Centralized Taxpayer Registry [RUC] indicates that the number of those registered in the General System had an average accumulated growth in number of taxpayers of 10.52 percent between the years 1988 and 1993.

In 1989, La Paz had 2.2 times as many taxpayers as Santa Cruz. In 1993, La Paz had 2.7 times as many taxpayers as Cochabamba and 1.8 times as many as Santa Cruz.

The RC-IVA [RC-expansion not available; IVA-Value Added Tax] is the tax with the greatest number of payers, of whom 10 percent are withholders and 90 percent are direct payers. Next in importance in number of taxpayers are the Tax on Transactions followed by the IVA.

Firms and Natural Persons

Based on their legal definition, 90.64 percent of taxpayers under the General System are individuals, 8.47 percent corporations, and 0.89 are estates. At the outset of the tax reform, this breakdown was 96.46, 3.25, and 0.29 percent, respectively.

According to the Comptroller's Office, the RUC's system of statistics does not generate useful information by region or economic activity, not is there a record of taxpayers from the time of their entry into the tax system until their departure.

Computers Without Information

One of the subjects most frequently commented on by the Comptroller's Office is the lack of reliable information generated by the DGII [expansion not available] on which to base decisions. The comment of the Comptroller's Office in this regard is cutting:

"Despite investing in modern computerized equipment to measure tax compliance by taxpayers, much data is produced each month, but very little information. The limited statistical information that the DGII possesses, some of which has been used in this study, only relates to monthly collections, by type of tax, by collecting office, and comparisons with assigned quotas."

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New Institutions To Strengthen Judicial System

95SM0414B Cochabamba LOS TIEMPOS in Spanish 17 Jun 95 p A5

[Unattributed article]

[FBIS Translated Text] The work of the Constitutional Tribunal and of the Council of the Judiciary will strengthen the judiciary system, making possible an improved administration of justice able to ensure respect for its senior officials among other institutions, Gualberto Davalos Garcia, president of the Supreme Court of Justice, declared yesterday.

Davalos said that when these two bodies begin to function, the judicial system will "become more vigorous," with improved administration, staff supervision, and other factors that will mean greater respect and prestige for the judicial system.

The president of the Court said that the regulations for the two bodies are under intensive study, because the regulations are a juridical instrument that must be drawn up with much care and thought, in order to avoid mistakes.

"We want it to be a dependable juridical instrument that will make it possible to establish the kind of service that the people want," said Davalos, referring to the delay in establishing the two new judicial entities.

As to whether this delay is jeopardizing the work of the Supreme Court, Doctor Gualberto Davalos said that it was not, as long as the actions of the highest court were conducted within the framework of the constitution.

Election of Magistrates

With regard to the controversial subject of the selection of the lists of candidates to fill the five vacant judgeships, Davalos Garcia said that it was worrisome, not only for the judicial system but for the entire country, although those most directly affected were the justices of the Supreme Court, and the judicial system in general.

Nevertheless, Davalos said, it was hoped that after so much time in which the justices had to make great efforts and sacrifices in order to preserve the dynamic image of the judicial system, the problem would at last be resolved, and the necessary justices and alternates for the various courts would be designated.

Davalos refrained from discussing the "political maneuvering" that surrounds these appointments, because as a member and head of the Supreme Court, he could not express an opinion about what others may be speculating.

Davalos said that he only hoped that the legal and constitutional rules would be respected, in order not to permit the "maneuvering" and manipulation that some were insinuating, who Davalos believed were mistaken.

Because constitutional requirements are being respected, the procedures that are being followed are correct, and there is no possibility that such extremes of manipulation are taking place, he said, pointing out that the election of judges is subject to the transitional chapter of the political constitution of 12 August 1994.

However, it is not surprising, he said, because there are those who insist that the Council of the Judiciary and the Constitutional Tribunal should be formed first, before going ahead with the election of the magistrates—forgetting that there is a transitional rule which says that as long as the new tribunals are not in existence, in this case the Council of the Judiciary, it is permissible for appointments, designations, and general administration to be subject to the political constitution of 1967.

The Special Courts Will Be Transferred

The president of the Supreme Court of Justice also announced that, at the conclusion of the court's current holiday, the definitive transfer of the special courts to the judicial system will take effect.

Doctor Davalos said that a first step has already been taken toward that goal, in effect incorporating those courts, labor, mining, administrative law, and the coactive courts, with the district courts constituted in appeals tribunals, where they will begin to function with the start of the new judicial term.

As to the economic factor that had been delaying the transfer, Davalos said that care had been taken to assign the budgetary allocations required for each district, as of the moment of transfer, so that there would be no problem. In addition, they would be in contact with Secretary of the Treasury Gaby Candia to obtain special treatment.

The president of the Supreme Court said with regard to current employees of the special courts that those who had completed their constitutional periods had received an expression of appreciation for their services, and the others had been assigned to the district courts, as occurred with the National Tax Court. Now, to complete the staffing of the court, the lists of nominees will be placed before Congress for the designation of those judges.

In the National Labor Court, as in the Mining Court, all of the incumbents had completed their terms, so that the lists of nominees will be presented to Congress as

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soon as the Constitutional Tribunal is incorporated into the judicial system.

Brazil

President Cardoso Leaves For Three-Day Visit to Portugal

PY1907011995 Sao Paulo AGENCIA ESTADO in Portuguese 0029 GMT 19 Jul 95

[FBIS Translated Text] Brasilia, 18 Jul (AE) — President Fernando Henrique Cardoso left for Lisbon tonight at 2000 [2300 GMT]. In Portugal, where he will stay until 22 July, Cardoso is scheduled to meet with Portuguese President Mario Soares and Prime Minister Cavaco e Silva. Cardoso tonight declined to comment on remarks by former President Itamar Franco — who is now serving as the Brazilian ambassador to Portugal — criticizing his administration's policy of high interest rates. Vice President Marco Maciel has assumed duties as acting president.

Farmers Protest in Brasilia, Hand Demands To Maciel

PY2007011695 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 19 Jul 95

[FBIS Translated Excerpt] Farmers from all over Brazil are protesting in Brasilia the system used to adjust farming loans. Through discussions and talks, they are proposing changes to the administration's rural policy. A concerted blowing of horns heralded the arrival of the convoy of trucks and tractors in Brasilia. [passage omitted]

Early this morning the Ministries Esplanade in Brasilia became a camping ground. At daybreak, the Brasilia residents were able to see the size of the farmers' demonstration. According to the Military Police, 700 tractors and trucks occupied three lots on each side of the Ministries Esplanade. After attending a Mass at the Brasilia Cathedral, the demonstrators gathered outside Congress.

Many farmers spent as long as six days on the road to reach Brasilia. The fact that the farmers were exhausted after such a long trip may have made the job of police much easier. The truth is that business was conducted as usual in all ministries today, while the farmers tried to show that it has become difficult for them to keep on working. [passage omitted]

Although the farmers who are in Brasilia today come from different states — Sao Paulo, Mato Grosso, Minas Gerais, or Rio Grande do Sul — they have much in common: Nearly all of them are small or medium-size producers and nearly all of them stopped paying their debts to the administration. Their stories are also very similar. [passage omitted]

The farmers staged a rally outside Congress, while a delegation went to meet with Acting President Marco Maciel and delivered to him a document containing the farmers' demands: The elimination of the TR [Reference Interest Rate] as an index to correct outstanding farming loans, the suspension of lawsuits brought against farmers, and the rescheduling of debt terms. Maciel made no comments about the demands. He merely promised to hand the document to President Fernando Henrique Cardoso as soon as he returns from Portugal. [passage omitted]

A few moments ago, the farmers decided to keep all their trucks and tractors on the Ministries Esplanade. They are going to spend the night there. Early tomorrow, they will decide whether to stay there until President Cardoso returns from Portugal, or return home.

President Cardoso is scheduled to return from Portugal on 22 July, in the evening.

Government Lends Sao Paulo Treasury 6 Billion Reals

PY1807223995 Rio de Janeiro O GLOBO in Portuguese 15 Jul 95 p 24

[Article by Milton Gamez]

[FBIS Translated Excerpt] Sao Paulo — A source linked to the federal government said yesterday that President Fernando Henrique Cardoso and Sao Paulo Governor Mario Covas have signed an agreement, securing a federal loan for the Sao Paulo Treasury. The loan totals 6 billion reals, involves the payment of international interest rates, and has a 30-year repayment period. The loan will be used by Sao Paulo State to pay half of its 12 billion-real Banespa [Sao Paulo State Bank] debt.

The state will receive the same treatment that was given to international creditors during the latest renegotiation of the Brazilian foreign debt that was signed in 1993 by then Finance Minister Fernando Henrique Cardoso. In doing so, and pursuant to a petition filed by Governor Mario Covas, the federal government will have to accept renunciation of a 35-percent profit on this loan, as part of the debt rescheduled with Sao Paulo State.

A PSDB [Brazilian Social Democracy Party] source said: "An agreement with regard to the political aspect has been reached. It is only necessary to complete technical details to send the agreement to the Senate, which must authorize the use of Brazilian international reserves for implementing the operation." [passage omitted]

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This financial agreement is part of a broad agreement achieved between the BC [Central Bank] and the Sao Paulo government to end the Banespa intervention that already has been implemented for six and one-half months.

The funds will enter Banespa through a Bank of Brazil loan and will immediately be transferred to the Central Bank, which will relend them abroad. The other 6 billion reals will be refinanced by Banespa for a 20-year period through monthly installments as the federal allocations for the states flow in. Sao Paulo State will supply real guarantees (property and stock) to Banespa.

An expert, who has been involved in the negotiations, announced that the conclusion of the agreement's final details — like securing the guarantees and drawing up the legal documents — would take two or three more weeks. Afterward, the agreement will be submitted for approval by the state Congress and the federal Senate.

Foreign Reaction to Sao Paulo Bank 'Crisis'

PY1907042095 Sao Paulo ISTOE in Portuguese 12 Jul 95 pp 20-21

[Article by Marco Damiani]

[FBIS Translated Text] The long series of political concessions granted by the federal government to Sao Paulo State during the financial streamlining process of the Banespa [Sao Paulo State Bank] could damage Brazil in different ways abroad. ISTOE gained exclusive access to a document signed by Altino da Cunha, Central Bank trustee in the Banespa, and Alcindo Ferreira, Central Bank trustee for international affairs in the Banespa, which reveals a series of pressures exerted by the central banks of the seven richest economies in the world on the Banespa representatives in their respective countries. Letters demonstrate that there is no way to hide the new aspect of the serious Banespa crisis, which has now become international.

"German authorities asked the Banespa branch in Germany to inform the Brazilian Central Bank that if the Banespa branch in Frankfurt causes losses to any of its clients or to the German banking system, all the Brazilian banks that operate in Germany will be closed down, and additional measures will be considered, including the confiscation of Bank of Brazil resources. Germany will even ask the authorities of other countries to adopt similar measures," states the document in the 20-line portion dedicated to the Banespa branch in Frankfurt. [ISTOE reporter] Andrea Michael spoke with the Banespa branch manager in Frankfurt, Horst Schimidt, who shielded himself behind the bank chain of command when commenting on the situation. "I cannot say either yes or no, because legal impediments do not allow me to talk about the bank," he said.

The situation is just as delicate in the United States. Submitted to an independent auditing, the Banespa branch in Miami showed a negative result, summarized in the document signed by Cunha. "The non-publication of the consolidated financial balance led to an independent auditing and the issuance of a report that raises doubts regarding Banespa's capability to continue operating in the United States, placing at risk Banespa's license to continue operating in that country." Further on, the document adds that the Banespa branch in Miami is being fined $100 per day for not presenting its balance of accounts. The document likewise adds that "some banks that grant the Banespa branch in Miami funding [preceding word in English] (loans) have suspended their credit lines. Other banks have given signals that they will adopt a similar measure."

The austere U.S. Federal Reserve and its operational branch, the State Banking Department, took action in New York. "The Banespa branch is permanently being questioned by the U.S. authorities," the document states. The reaction of Angela Boni, Banespa general manager there, was formal. "I am not authorized to speak," she said. The outlook is just as bad in London. "This situation is causing an atmosphere of uncertainty and lack of tranquillity among British authorities, clients, and suppliers," states the document signed by Cunha and Ferreira.

The lack of a 1994 balance of Banespa's financial activities is the main origin of the concerns and threats on the part of economic authorities in the United States, Germany, and England. Although the document obtained by ISTOE is dated 16 May 1995, it is true that the situation is being maintained under shaky control. On 30 November 1994 a lot of 1,000 ordinary Banespa shares cost 9.35 reals [R] on the Sao Paulo stock exchange. On 5 July 1995, the same lot cost barely R5.45, which is 71 percent less. The accounts do not balance in comparison with the demonstrated financial performance of last year. "There are problems with regard to the bank balance," said a Central Bank expert to Sonia Filgueiras of ISTOE magazine in Brasilia.

The Brazilian Foreign Ministry has instructed its diplomats in the countries that have made claims to contact the respective economic officials in search for a political treatment for each case. They will convey messages guaranteeing that the Brazilian Central Bank will not permit the bankruptcy of Banespa. Even though this has been successful thus far, time works against this strategy. No date has yet been set for publication of the Banespa balance, while the first deadlines esablished by

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the foreign central banks have already expired. Negotiations between the federal government and the Sao Paulo state government, which owes approximately $12 billion [figure as published] to the Central Bank — the debt that prompted the intervention — are being affected by the same retrogressions that have occurred since the beginning of the intervention at the end of last year.

A magic solution seemed to be at hand on 7 July. Sao Paulo Governor Mario Covas met with Central Bank President Gustavo Loyola for more than three hours. Yet in public both of them showed that the impasse continues behind the scenes. "We have no solution," Loyola said. "A lot of research, a lot of homework, must be done." Nor could Covas be more optimistic. "The attempts to resolve the situation of Banespa are still in an initial stage," the governor said.

The only good news concerning Banespa last week caused headaches for many people. A report by O ESTADO DE SAO PAULO on 4 July revealed that the Central Bank trustees filed 25 notes with the Office of the Sao Paulo District Attorney, presing charges against 77 former Banespa directors during the terms of Orestes Quercia (1987-91) and Luiz Antonio Fleury Filho (1991-94). The list of persons against whom charges were pressed caused political agitation, because it mentioned names like those of former Banespa president Antonio Claudio Sochaczewski, who belongs to President Fernando Henrique Cardoso's PSDB [Brazilian Social Democracy Party]; entrepreneur Boris Tabacoff, who has strong influence in the Sao Paulo State Federation of Industries (Fiesp); former Minister Murilo Macedo, an old ally of former Governor Quercia; Mauricio dos Santos, the brother of Luiz Carlos Santos, the government leader in the Chamber of Deputies; and even a dead person, former Sao Paulo Court of Accounts counselor Orlando Zancaner. A source in the District Attorney's office has explained that if involvement in irregular operations is confirmed, the indicted person could be sentenced to a prison term of up to six years, in addition to being forced to return to the state 100 percent of the amount used in the illegal operation. As for the dead person, if condemned, his family will have the obligation to return the money to the state.

Central Bank President Interviewed

PY1907123995 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Jul 95 p B10

["Exclusive" interview with Central Bank President Gustavo Loyola by Suely Caldas and Sonia Racy in Sao Paulo — date not given]

[FBIS Translated Text] [O ESTADO] Sao Paulo congressmen and Rio de Janeiro Governor Marcelo Alencar have accused the trustees of Banespa [Sao Paulo State Bank] and Banerj [Rio de Janeiro State Bank] of sitting back and doing nothing, as they have neither fired any employees nor closed any branches. What do you have to say about this?

[Loyola] That is an exaggerated accusation. I have no doubt whatsoever that they are doing what they can. The major problem is to be quite clear about what to do, because depending on what will happen with those banks in the future, one could now pursue the wrong course of action. It is like going out in a car without knowing where one is heading. One would rather stay put. Let us examine the case of Banespa. Is it advisable to shift operations in a massive way to the interior of Sao Paulo State or, rather, continue operating nationwide? Should we have a greater presence in agriculture or not? Do we want to reach more individual account holders or concentrate on companies? How will Banespa continue to be present abroad? All these questions can only be answered within the context of a future perspective. And yet the Central Bank [BC] trustee does not exactly know what that perspective is. This is the first reason. The second one is that every adjustment costs money. It is expensive to lay off employees. Sometimes, for example, it is necessary to replace a certain number of employees with a computer network. And yet this is a costly measure, and likewise the closure of a branch. What should we do with the personnel working at that branch? BC trustees did what they could; they considerably reduced the number of managers; they redefined hierarchical levels; they cut down expenses. Obviously this is not enough. It only points to the fact that we must without delay find a solution for the banking establishments placed under trusteeship.

[O ESTADO] How do you assess your first meeting with [Sao Paulo] Governor Mario Covas?

[Loyola] It was a very positive meeting. It was instrumental in resuming negotiations, which had been interrupted with the resignation of Persio Arida from his post as BC president. Both parties have an excellent inclination to enter into dialogue, and we have made strides in several proposals. So far there have not been any concrete results, just working hypotheses. However, we are both favorably disposed toward accelerating negotiations so as to find some common ground.

[O ESTADO] Did you discuss who could be appointed to head Banespa in the future?

[Loyola] I think that at this juncture it is still too early to discuss that matter. This is why we did not broach that subject. There are still too many things to be done before getting to that stage, at which we can discuss possible candidates for the bank's board of directors.

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[O ESTADO] Wouldn't it have been easier and faster to solve the situation of Banerj right away? The debt that Rio de Janeiro State has with Banerj is considerably smaller than that which Sao Paulo State has with Banespa...

[Loyola] Oh, you never know. The truth is that when I assumed office, negotiations with Banespa were well under way, so I am going to continue with them. In the case of Banerj, there is an agreement in principle with Rio de Janeiro finance and planning secretaries, and I am soon going to hold talks with the governor. We intend to resume negotiations as soon as possible.

[O ESTADO] Will the solution devised for Banespa be a blueprint for the other state banks that have been placed under trusteeship?

[Loyola] Not necessarily. Each bank has a very particular situation, and each state a distinct reality, I should say. Even if the privatization philosophy is the same in all cases, that does not mean that all models must necessarily coincide.

[O ESTADO] Several surveys have confirmed that there is overwhelming support in Congress for the opening up of the financial market to foreign capital. Is the BC putting together a bill to send to Congress in the forthcoming months?

[Loyola] That question depends on the regulation of Article 192 of the Constitution, which deals with the BC, financial institutions, the operation of the financial market, the participation of foreign capital, and also with setting an interest rate ceiling of 12 percent. A congressional committee, presided over by Deputy Gonzaga Mota and with Benito Gama as rapporteur, will now begin to work on the regulation of this article. Personally speaking, I would rather amend the Constitution to repeal interest rate ceilings, which is something that is totally strange. Such ceilings should be eliminated from the Constitution and enforced through ordinary law.

[O ESTADO] The 1988 Constitution froze foreign participation in the financial market to the level existing at that time, thus preventing its expansion. Does deconstitutionalization [desconstitucionalizar] mean the elimination of these restrictions from the Constitution and the opening up of the sector to foreign capital?

[Loyola] It froze foreign participation within certain limits. Pursuant to the Constitution, the president of the Republic is empowered to authorize — as an exception — foreign participation in the financial market, or the opening up of new branches by foreign banking establishments, provided there was an interest on the part of Brazil.

[O ESTADO] However, that did not occur after 1988.

[Loyola] Only on very rare occasions.

[O ESTADO] What else would the revision of Article 192 advocate, besides setting a ceiling for interest rates?

[Loyola] The important thing is really the opening up of the financial market. There is, moreover, the question of the independence of the BC, the tenure of BC directors, the Securities and Exchange Commission, the organization of the financial market and of banks, the establishment of regulations for the financial systems, fines, etc. All this must be discussed in the revision of the constitutional text.

[O ESTADO] Will the BC send its own bill to Congress, or will it wait until the committee submits its own?

[Loyola] The idea is to work jointly with the committee so that the BC will not necessarily have to submit its own bill. Furthermore, I would say that this is in fact the task of the entire government, rather than only of the BC.

[O ESTADO] Has an agreement been worked out with that committee so that the question can be discussed by Congress in the second half of the year?

[Loyola] Not that I know of. The committee is willing to work assiduously in the second half of the year, and the ideal thing would be to vote on the question as soon as possible. The government's priorities, however, are the reform of the state, the fiscal reform, and the reform of social security, as well as the regulation of the amendments to be passed in the forthcoming months. I consider that it is important to review Article 192 of the Constitution, because the financial market needs to be regulated by a modern law. In order to achieve this we must courageously come to grips with the issue of the 12 percent ceiling for interest rates. It is no use regulating only an interest ceiling of 12 percent. It would be better to cross this point out of the Constitution and regulate the article as a whole.

The idea of an autonomous Central Bank is not appreciated in Congress. Is the committee convinced of the need to have an autonomous Central Bank?

[Loyola] It is hard to say. I would say that there is currently a group of deputies and senators who agree with the idea of an autonomous Central Bank. But there are several degrees of autonomy. I think we should head in that direction, but it is still too early for the Brazilian Central Bank to have the degree of autonomy that exists in the United States or Europe. Our institutional framework is still full of problems that do not allow us to establish autonomy from one day to the other.

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Autonomy requires a good mechanism to solve crisis. For example, it would be unthinkable for the Central Bank president to act against a government policy and cause a financial or economic crisis. The contrary is also not possible: We cannot institute autonomy and break away from our dependency. Crises will only be solved with a mature institutional and political system, which is something that unfortunately we still lack.

[O ESTADO] Does that mean that during the Fernando Henrique Cardoso administration the Central Bank will not become autonomous?

[Loyola] I think it will be difficult to reach the degree of autonomy that prevails in developed countries. We can take steps in that direction. Perhaps by establishing mandate terms for the Central Bank directors, or by including in the Constitution an article stating that the Central Bank must safeguard the stability of the currency, and by withdrawing other unnecessary duties from the bank. My experience at the Central Bank has shown me that 90 percent of the time is spent on issues that have nothing to do with an ideal central bank. The rest of the time we concentrate on the monetary and exchange policies.

[O ESTADO] This week the Central Bank intervened in the market, slightly pressuring the dollar price upwards. Thanks to this, exports reacted immediately. Does the Central Bank intend to navigate within the exchange band limits at a gradual and rising pace?

[Loyola] The exchange policy has been defined. We have a band system, and the Central Bank intervenes within the limits of this band. These interventions do not at all mean that we will return to the indexation of the exchange rate. We will avoid any kind of intervention rule. However, the Central Bank maintains its discretionary right to intervene whenever it wants to, depending on market conditions. Basically it is this: The only explicit rule is that there are limits to the exchange rate band. The Central Bank will continue using its discretionary power.

[O ESTADO] Could it therefore be considered that in the same manner the Central Bank intervened in order to push the dollar price up, it could also do the opposite?

[Loyola] Depending on the circumstances, it can. Why not?

[O ESTADO] Imports have increased considerably as a result of the great advantages offered by external financing in repayment terms and interest rates — in comparison with the Brazilian high financial cost. Does the Central bank intend to modify credit conditions for imports?

[Loyola] To tell the truth, foreign financing offering longer repayment terms and lower interest rates, together with the domestic credit restrictions, have encouraged imports considerably. However, the Central Bank has not considered any measure to restrict or to force cash payment for imports for any industry. The Central Bank is not the only one that could adopt measures to restrict imports. The Industry and Commerce Ministry could do it by establishing a maximum repayment term in import licenses.

[O ESTADO] Are there any estimated results in the balance of payment for this year?

[Loyola] We are in a quite comfortable situation. Our hard currency reserve figures demonstrate that we are managing to finance the current account deficit without any trouble. Most of the imports have been financed. Besides this, the inflow of resources into Brazil has increased considerably, be it investments in the domestic market or the issuance of bonds abroad. Therefore there are no problems in financing the balance of payments.

[O ESTADO] And what about the trade balance?

[Loyola] Evidently it would be better to begin reversing the trade balance deficit in the next few months. I believe this will happen mainly with the cooling down of our economy. There already is an excess of cars and other products. Once the economy begins to slow down we will be able to gradually reduce the trade deficit, and there will probably be a trade balance surplus in the second half of the year.

[O ESTADO] Mexico adopted the formula of financing its current account deficit by contracting more debts. Four years afterward, the crisis exploded. Don't we risk following the same path that led to Mexico's failure?

[Loyola] There is no reason to think that. We are adopting economic policy measures to reverse the trade deficit, and they will work. We never established a fixed exchange rate like Mexico did, we use our instruments to control demand, our public sector is more stable than theirs in the short term, and our domestic savings rate is greater than theirs. Therefore the Brazilian trade balance deficit scenario is much different than that of Mexico, which accumulated trade deficits for a long time.

[O ESTADO] There is little interest in the Automatic Reapplication Deposits [DRA], also called CDBzao. Doesn't this hamper your plans to create longer term financial applications?

[Loyola] The DRA was launched recently, and will take some time until it becomes popular. This does not mean it will not work. Of course we are observing how the market reacts, and are also attentive to the interests of

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savers. In this case the Central Bank's role is to offer savers alternative longer term financial applications. It is not forcing savers to adopt them. In order to attract savers, we must create attractive instruments. The idea is to structure the financial market so as to establish longer terms for deposits.

[O ESTADO] The Central Bank authorized banks to contract foreign loans in order to grant domestic loans for purchasing houses and helping farmers. Have these kinds of operations already been carried out?

[Loyola] Some time evidently must elapse between the moment the measure is announced and the moment it actually takes place. I have not learned of any such operation, but I am also not following this closely.

[O ESTADO] Considering the low foreign interest rates, how much does the Central Bank calculate that the domestic financial cost to purchase a house will drop?

[Loyola] Financial costs abroad are far lower than here. The Brazilian National Housing System charges the TR [referential interest rate] plus 8 percent interest per year, which represents a 30 to 35 percent interest rate. I believe that foreign financing will help reduce this 35 percent interest by one-third.

[O ESTADO] The rate of individual defaults is still high, even after the Central Bank authorized the repayment of credit card debts in installments. Although illegal, postdated checks have become a credit instrument with credibility. How do you evaluate this?

[Loyola] The success of the postdated checks can be explained by the low default registered in check payments. There are two reasons for this. First, and most important, is that the banks and the Central Bank have built an efficient system of information and punishments against bounced checks. Any individual who nowadays presents a check that later bounces has absolutely ruined his credit record. With the exception of stolen checks, bounced checks are basically divided into two categories: Most of them have been incorrectly written, and a smaller portion really do not have the funds, but are usually honored right away. The second reason — it is not correct for me to say so, but I will speak anyway — is that because a check without funds entails a crime and fraud, the check creditor has enormous power to collect it. That is why postdated checks are successful.

Struggle Over Telecommunications Bill Viewed

PY1207010195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Jun 95 p A3

[Editorial from the "Notes and Information" page: "Defeat in Telecommunications"]

[FBIS Translated Text] Will the executive branch "resist to the bitter end in its position," or does it have a policy of withdrawing when the pressure gets too intense? The idea of "resisting to the bitter end" could simply lead to a tactical disaster, if not to a strategic disaster. A withdrawal in the face of pressure could also lead to disaster, or might permit the adversary to suppose that if he stomps on the floor hard enough, threatening to obstruct normal procedures, the government majority will disband or will be unable to close ranks to defeat the opposition. This means, as we made clear yesterday, that the government can only count on ad hoc majorities in the case of some of the essential draft laws. The preponderance of support for constitutional amendments exists only for those issues that are obviously supported by the people. This situation, as we have always been careful to point out, affects the terms of the projects, and what the Chamber of Deputies approves is always below the expectations of the original bill submitted by the executive branch. This "little difference" might lead, depending on the case, to considerable delays in the reordering of the economy. Besides, it is worth noting that the government does not even have the tools to make a PMDB [Brazilian Democratic Movement Party] senator — although he is from Paraiba, which is in a permanent state of rebellion — give his opinion on an amendment ending the Petrobras [Brazilian Petroleum Corporation] monopoly, which will force the postponement of the Senate Constitution and Justice Committee's discussion of the amendment until August — we do not know whether at the beginning or at the end of the month.

A case in point clearly shows that the executive branch will not die defending its position, with the consequent damage to the country. On 28 June Congress approved a provisional measure [MP] complementing the law on franchising sponsored by Senator Fernando Henrique Cardoso, and promulgated by the president four years after it was first presented. The executive branch's initial purpose was to use that MP as a base to launch the new economic model, opening up to private initiative, through franchises, practically all the areas that are exploited today by public companies — from cemeteries to hydroelectric power plants, and including the telecommunications sector. The bill significantly altered the situation in the area of energy production, opening up the possibility — in the executive branch's understanding — of letting the law regulate franchises in the

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area of telecommunications, as it was finally approved by the Chamber of Deputies through a constitutional amendment. The executive branch submitted that MP as "necessary and urgent." It edited it and made Congress approve it, and then it was approved by the Cardoso administration (in seven months, therefore). The bill that instituted the real was 12 months in the making, without a fixed deadline. What happened?

On one hand, several states exerted pressure and were able to reestablish prerogatives taken from them by the MP as electric energy franchise holders. On the other hand, the left, particularly the PDT [Democratic Workers Party] and the PT [Workers Party], threatened to obstruct the vote on the MP unless the government withdrew the bill's explicit reference to the telecommunications industry. After several meetings and negotiations, the PDT's social democratic faction (which is represented in Socialist International) and the PT "Socialism in Construction" faction ended up prevailing over the economic and modernizing reasons of the president of the Republic. The approved version of the conversion bill does not mention that telecommunications and franchises in this area will have to regulated by a law, the draft of which will be submitted to Congress at the beginning of August. The argument for the administration's surrender was that the MP (the executive branch bill, as amended by the congressional special commission) was indispensable for the bidding of Escelsa [Espirito Santo Power Plants, Inc.] on 11 July — which will be carried out even though the administration does not have a clear idea about how the Brazilian electricity system will operate with franchises, particularly in the area of transmissions and systems interconnections.

Communications Minister Sergio Motta trusts that it will be possible to grant franchises in many "telecommunications" related areas even after the withdrawal of the word telecommunications from the MP, which would sensibly improve the standard of communications among Brazilians (individuals and companies). Sections of the left (especially Deputy Jose Genoino) think it is more important for the executive branch to approve the bill on conversions than to break the oil monopoly, because this bill establishes criteria for partnerships, contracts, and supervision. Deputy Lima Neto, of the PFL [Liberal Front Party], thinks the measure will have an immediate effect on the economy.

That is not the problem. We outlined the importance of the MP (together with the criticism the original MP called for) when it was first submitted. What we want to point out now is the administration's strange negotiating position. Motta suggested in the Senate that Embratel [Brazilian Telecommunications Company] and Telebras [Brazilian Telecommunications, Inc] continue to be as important as they are now. Besides, the government majority has not managed to convince one of its own members to drop the idea of making an in-depth study of Petrobras before issuing its opinion on the oil amendment bill. How far — this is the question — is the president's social democracy from the positions of the PDT of the Socialist International, the PT, and even the PT light [Deputy Genoino's PT faction]? Let us wait to see what happens in August. It will not be a month of surprises, thank God, but a month of projects that will be submitted to Congress to introduce more flexibility into the economy...

Court Ruling Suspends New Wage Negotiation Rules

PY1107181495 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 11 Jul 95

[FBIS Translated Text] Sepulveda Pertence, chief justice of the Federal Supreme Court [STF], has ruled that companies are not required to prove increased productivity to be able to grant wage increases to their workers.

In response to a petition filed last week by the Democratic Labor Party, Chief Justice Pertence has issued a temporary restraining order for the administration to suspend three points of its provisional measure on deindexation dealing with wage negotiations: the first one, which forces employers and workers to ask the Labor Ministry to appoint a mediator if no agreement is reached; the second one, which requires a report by the mediator to take the labor dispute to court; and the third one, which bans payment for productivity gains unless each company justifies increased productivity.

In his ruling, the judge said that the above provisions interfere with relations between companies and their workers and that the mandatory requirement to have a mediator undermines the right of both employers and workers to seek a court ruling on a collective labor dispute, which is guaranteed by the Constitution.

The chief justice's ruling has not eliminated the mediator, but merely rendered it not mandatory, becoming just an option for employers and workers if no agreement has been reached through negotiations. In this case, they may ask the Labor Ministry to appoint a mediator, or continue to negotiate as they have been doing thus far; that is, take the case directly to a labor court asking for a ruling on a collective dispute, without the need of a mediator.

Chief Justice Pertence's restraining order will stand until the matter is heard by the plenum of the STF after 1 August, when the other STF justices are due to resume their duties after the court recess.

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Chile

Lobbyists To Be Hired To Protect Chilean Interests in U.S.

PY1907200595 Santiago EL MERCURIO in Spanish 14 Jul 95 p C4

[FBIS Translated Text] Chilean Ambassador to Washington John Biehl said yesterday that Chile is close to contracting the services of specialized companies to "lobby" not only on behalf of Chilean interests in joining NAFTA, but also on behalf of other important matters having to do with bilateral relations.

He said that the excellent level of binational ties and the impact that Chile's access to NAFTA might have on them calls for an intensification of work by the Chilean Embassy in Washington, as far as international relations are concerned. Concerning discussion of specific points and the time they might require, he said it had also been thought to subcontract the services of local professionals.

The ambassador said that he personally believes Chile should not contract "lobbyists" for certain services, such as, for instance, access to important personalities, because though small, our country has great prestige and has gained the respect of the U.S. Government and people.

He said that the objective of contracting the services of "lobbyists," within the framework of overall relations with the United States, is to gain access to information concerning political, economic, and judicial developments in that country in order to prevent possible conflicts. "We have the obligation to subcontract that kind of service in order to guarantee that on every occasion we are using the best tools we have available to defend national interests," he said.

At the same time he said it would be wrong to fall for the temptation of becoming too obsessed with the "lobby." He said he does not believe that all Latin American nations have to go to the United States to do politics, and added that the U.S. Administration has the essential responsibility of encouraging future projects that epitomize the commitments of the Miami summit and the extension of free trade throughout the hemisphere.

Biehl, who expressed optimism concerning Chilean prospects for becoming the fourth NAFTA partner, said that the conditions are apparently right for fulfilling the schedule announced by U.S. officials for starting "fast track" treatment of Chilean entry into the pact.

During the meeting of the bilateral political consultation committee on 10 July in Santiago, U.S. Administration representatives headed by presidential adviser Thomas McLarty said that by the end of this month the draft copy of the "fast track" will be ready, and that by September the U.S. Congress could be granting authorization to the executive branch to negotiate with Chile.

It is believed that in the proposal already being discussed in the U.S. Congress, the Republican majority might come to an agreement with the Clinton Administration for a broad "fast track" treatment, or one that does not apply to Chile alone. By not expressly imposing environmental and labor conditions, it leaves the possibility open for the U.S. Administration to negotiate later with Chile our country's signature of the two NAFTA annexes precisely related to these issues.

The debate between the Republican majority and the Clinton administration is not confrontational, but is rather aimed at consensus and compromise between the two sides. One of the points in the current debate is the time that would be allotted for the "fast track" treatment, and it is expected that agreement could be reached on three years.

EU Decides 'Unanimously' To Step Up Trade With Chile

PY1807142595 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 18 Jul 95

[Speakers identified by caption]

[FBIS Translated Text] The European Union [EU] has decided unanimously to step up commercial ties with Chile with the purpose of reaching a trade agreement in the future.

This initiative was approved by the foreign ministers of the 15 EU member countries. The idea is to reach an agreement with Chile in the future. The document seeks to create better conditions for investments and to progressively and reciprocally free bilateral trade.

The Chilean Government has reacted favorably to the news. Chile's trade with the EU per year amounts to approximately $4 billion. It is said that this decision represents a change in the European trade policy.

[Begin Chilean Foreign Minister Jose Miguel Insulza recording] I believe that, basically, a market of the EU's magnitude cannot afford to not negotiate or seek more stable agreements with two of the regions with which, until now, it has a less structural, if you like to call it that, relationship: Latin America and Asia. [end recording]

The EU has said that it will fully endorse Chile's entry into Mercosur [Common Market of the South], which seems like something that will materialize in the near

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future. This was stated by Brazilian Planning Minister Jose Serra, who is visiting Chile.

[Begin Serra recording] Brazil and, I believe, the other Mercosur member countries are eager to have Chile as a partner. [end recording]

Other important negotiations under way are those designed for entry into NAFTA, for which Chile also has significant support.

[Begin Mexican Finance Minister Guillermo Ortiz recording] The Mexican Government wants Chile's negotiations with NAFTA to make fast progress. [end recording]

Should all these negotiations have a happy ending, Chile would be one of the few, or probably the only country in the world, to have preferential access to the U.S., European, and Asian markets.

Finance Minister Comments on Central Bank Measures

PY1907005395 Santiago EL MERCURIO in Spanish 5 Jul 95 pp A1, A11

[FBIS Translated Excerpt] Finance Minister Eduardo Aninat said yesterday that the measures implemented by the Central Bank on 3 July allowing banks to invest abroad in higher risk financial instruments and to introduce greater restrictions on incoming short-term foreign currency are aimed at strengthening the monetary and exchange policy of the Central Bank.

Aninat added that the requirement of holding 30 percent of the foreign financial investments and deposits for one year as reserves is aimed more at stabilizing the curve of the exchange rate rather than acting on its level "because producers need to have a planning perspective with regard to the short-term ups and downs of this variable."

Yesterday the new Central Bank measures produced a strong effect on the stock and exchange markets, leading to a sharp decline of 3.46 percent in the 40 most important transactions (IPSA) [Selective Shares Price Index] on the Santiago Stock Exchange.

The dollar reacted with a gain of 5.10 pesos at closing in the official market, buying at 378.50 pesos and selling at 379 pesos under the pressures of Central Bank measures.

In the free market, however, the gain was 4.7 pesos at closing, buying at 378 pesos and selling at 379 pesos. Market sources explained that the measures deflated expectations regarding the decline of the dollar rate in Santiago. The exchange rate of the U.S. dollar has been consistently falling over the past few months pressured by the abundance of foreign currency, but this decline should be slowing down in the next few days. [passage omitted]

In a joint news conference with Finance Under Secretary Manuel Marfan, Minister Aninat said that it is possible for the 40 banks operating in Chile to gradually and partially change the orientation of their assets toward more profitable and new instruments that are emerging in Latin American countries like Mexico, Argentina, and Brazil, and in some Asian countries, in order to increase profits. [passage omitted]

Aninat also discarded the notion that the measures adopted by the Central Bank are linked to the Chilean negotiations to join the NAFTA.

He acknowledged, however, that the difficult point in the negotiations will be the financial aspect because this includes the autonomy of the Central Bank and Decree Law 600, which regulates the introduction of foreign investments into the country, among other issues.

Colombia

Government Guarantees NAM Summit Security

PA1907170995 Mexico City NOTIMEX in Spanish 1550 GMT 17 Jul 95

[FBIS Translated Text] Santa Fe de Bogota, 17 Jul (NOTIMEX) — The Colombian Government guaranteed today the security of the presidents and other participants in the Nonaligned Movement (NAM) Summit to be held in Cartagena de Indias, a Colombian resort, in October.

Colombian Defense Minister Fernando Botero Zea asserted this Monday that there is no terrorist plan to sabotage the event and that reports given to the media on an alleged guerrilla plot against the NAM are baseless.

The event will take place between 14 and 20 October. It will gather at least 60 chiefs of state and government, foreign ministers, and other officials from 112 countries. Colombia will assume the presidency of this international organization at this summit.

According to Botero Zea, "the alleged presence of a guerrilla informer who has infiltrated the ranks of the Colombian security organizations is more a publicity stunt by the rebels than a real threat to the summit."

Colombian Navy Infantry Commander Admiral Holdan Delgado said, on his part, that the Atlantic Naval Command, headquartered in Cartagena de Indias, is setting up a special protection plan for all the Cartagena residents and the people attending the summit.

"By air, land, and sea we will provide security to the leaders who come to the summit, and to this end, the

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Military Forces Command has prepared operations and strategies to be implemented in Cartagena, the Navy officer asserted.

"We are already safeguarding the city and are placing a very strict emphasis on the entry and departure of foreigners to ensure that no one, absolutely no one, tries to destabilize public order during the days of the NAM meeting," he insisted.

Among the personalities who will attend the summit are: Palestinian Liberation Organization (PLO) leader Yasir 'Arafat, Egyptian President Husni Mubarak, Cuban leader Fidel Castro, and many Latin American, Asian, and African presidents.

'Arafat, Mubarak, and Castro require special security as you have to take into account that they are under permanent threat due to the political instability in their countries, Delgado stated.

Mabarak was attacked in Addis Ababa (Ethiopia) less than a month ago, but was not injured. "Despite such a situation, we are ready to work to ensure everyone's security," he emphasized.

Colombia has handled this issue with great caution because President Ernesto Samper's government is aware that any official negligence could cause the presidents to stay away and this would reduce the summit to a foreign ministers' meeting.

Meanwhile, the hosting foreign minister, Rodrigo Pardo, recently stated that he is confident that "due to the experience of holding many similar meetings in Cartagena de Indias, there will be all the necessary guarantees for the participants."

Security organization officials admitted, meanwhile, that several delegations that have already confirmed their presence at the October summit, have their own security agents and will work in coordination with Colombian authorities.

Proposal To Reform Central Bank Law Viewed

95CA0313A Santa Fe de Bogota EL TIEMPO in Spanish 13 Jul 95 p 4A

[EL TIEMPO editorial: "Serenity"]

[FBIS Translated Text] A few days ago, we commented on the government's inappropriate announcement of its intention to submit to the next legislature a bill to amend Law 31 of 1993, which regulated the constitutional order for an autonomous, independent Central Bank as a supreme monetary, exchange, and credit authority.

The truth is that the proposal to reform the Law on the Bank of the Republic has been badly received by this country's informed public and by the experts. It is considered a pretext for concealing the fact that some of the economic indicators changed direction during the first quarter of the year, and a political excuse for the difficulties that the government has, and will continue to have, in putting the Development Plan into effect. At the same time, people are wondering what the heart of the matter is, because the reform came up for discussion immediately after an agreement was reached between the government and the Bank of the Republic to remove the obstacles in the short-term economic management.

The debate is untimely. There is consensus that the economic problems have worsened. The minister himself admitted, in an interview granted to this newspaper, that "inflation is doing less well than had been expected," and that there were "slight signs of a slowdown" in the economy's growth. Nevertheless, other very disturbing factors must be added to these, such as the magnitude of the coffee crisis that is occurring because of the monumental decline in the external price of the bean, the limitations currently being confronted in obtaining external financing for both the public and private sectors, and the discouragement evident in foreign investment.

Under these circumstances, the proper conduct at this time is not to propose a change in the ground rules governing relations between the government and the Bank of the Republic. Among other things, this would give a very bad impression on the international level, further tarnishing Colombia's image. Rather, the focus should be on correcting the imbalances that appear in the economy.

In this atmosphere, made tense by a discussion that does not say much to the majority of Colombians, it is equally inappropriate to stir up the controversy regarding the economy's management on the part of the Gaviria administration and that of President Samper. Retroactive statements of account make no sense, especially when ex-Minister Hommes himself, in a lecture at a seminar sponsored by ANIF [National Association of Financial Institutions] a few weeks ago, admitted that the previous government had, in fact, expanded public spending appreciably. He claimed that the serious part was that the present government was continuing along the same path.

It seems to us that the issue is far more substantial. As the magazine ESTRATEGIA notes in its latest issue: "The government's total spending during Minister Hommes' administration amounted to 14.6 percent of the GDP, as an annual average, whereas Minister Perry's intentions are to raise it to an average of nearly 20 percent of the GDP during the four years of the 1995-98 term." Hence, what is at issue is the method

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for financing this dramatic increase in spending and, what is very important, its purpose. Not to mention, just in passing, the concern over the consequences of continuing to increase the size of the state, when the rest of the world is in the process of dismantling it, because of its proven ineffectiveness and its negative impact on the entrepreneurial spirit.

For all the foregoing reasons, it is wise to lower the tone of controversies that do not lead to any positive conclusion. And, Mr. Minister, it is especially wise to maintain serenity, so as to deal with the multiple problems of the time in the best possible manner.

Ecuador

Government Ready To Resume Demilitarization Talks With Peru

PA1907195695 Quito Voz de los Andes in Spanish 1700 GMT 19 Jul 95

[Report by Loyda Carriel, from "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen traveled this morning, at approximately [word indistinct], to Canas, a city in Bahia de Caraquez in Manabi Province, to prepare his 10 August address to the nation before the Ecuadoran Congress. The president would not give any statements to journalists and said that he especially would not speak about territorial topics.

On another topic, Ecuadoran Foreign Minister Galo Leoro Franco has said that Ecuador is prepared to resume the Brasilia negotiations, even though there is no definite date yet. Thus, the statements by Brazilian Ambassador Alvera Machado sounded like Ecuador had not made any proposal to Peru when it is public knowledge that Peru is already studying the Ecuadoran demilitarization proposal.

Likewise, the foreign minister reported that Ecuador had already presented our country's proposal to [words indistinct] on 16 July.

[Begin recording] [Unidentified reporter] Brasilia is ready to receive the (?delegations).

[Leoro] [words indistinct] we are absolutely ready with our proposal and everything else.

[Reporter] [words indistinct]

[Leoro]) [words indistinct] we want to say that we are ready [words indistinct]. [end recording]

UN Representative Discusses WTO Accession Talks

95SM0432A Guayaquil EL UNIVERSO in Spanish 11 Jul 95 p 2

[Unattributed article: "Pinoargote Says Ecuador Made No Concessions To Join the WTO"]

[FBIS Translated Text] Ambassador Alfredo Pinoargote Cevallos, Ecuador's permanent representative to the UN in Geneva, Switzerland, declared that Ecuador will join the World Trade Organization (WTO) intact, unsullied, uncastrated and without having accepted the Model Agreement for bananas that was negotiated by the EU (European Union) with Colombia and Costa Rica. He was commenting on the criticism that the nation's production sector has voiced regarding the negotiations for membership in the WTO.

Moreover, Pinoargote Cevallos said, the problem of the production sector is actually the contraband goods traffic, not the real or consolidated tariffs.

In a statement issued from Geneva, Pinoargote said it is absolutely necessary for Ecuador to be a member of the WTO, as illustrated by the fact that Ecuador and Panama are the only countries of the Western Hemisphere that are not members.

He declared that Ecuador had made no concessions to the European Union with respect to bananas in order to join the WTO, and expained that this was the most difficult part of the negotiations and also of the systematic efforts that had been made on several occasions. He acknowledged, however, that Ecuador had in fact been asked to reciprocate by accepting the Model Agreement for bananas and dropping its proposal for the creation of a panel.

"We did not recognize the validity of the Model Agreement that was negotiated with Colombia and Costa Rica in the Uruguay Round," Pinoargote said, "nor did we renounce the right to file a complaint against the EU and the WTO in opposition to that system. That is definite," he declared.

Pinoargote explained, however, that a gentlemen's agreement has been reached by virtue of which it will be possible to solve the banana problem within a few months. Although he avoided going into detail on this subject, he said that the function of the WTO is to negotiate, and that the Model Agreement will clearly be amended now that the number one banana exporter in the world—Ecuador—has joined the WTO.

He said that the true problem of the production sector is the contraband goods traffic, not the real or consolidated tariffs or the tariffs that can be applied in any emergency situation that the WTO foresees. This, he explained,

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is because "a country can have its real tariffs low or its consolidated tariffs high, but these measures are powerless to cope with the contraband traffic in certain products."

"The international laundering of narcodollars," he said, "makes it possible to exchange cargo containers crammed with millions of dollars in bills that are sold at a lower exchange rate. The price of the goods in question is consequently much lower, and in many countries such as Ecuador you can find products the prices for which are lower than they are at the factory that produces them in Japan, the United States, or Europe."

Pinoargote said it is a mistake to become engrossed in an analysis that takes into consideration only the level of tariff consolidations that Ecuador has negotiated—a matter of secondary importance—inasmuch as the WTO has a series of mechanisms that did not exist in GATT and that make it possible to raise tariffs immediately whenever there are problems with the balance of payments or with imports that are detrimental to domestically produced products.

He warned that although Ecuador will not receive immediate tangible benefits from joining the WTO, there is what amounts to massive ignorance—especially in the private sector—of the advantages that the WTO offers, and for this reason some kind of "national literacy campaign" will be a priority concern.

Delays, Lack of Will To Implement Reforms Decried

95SM0432B Quito EL COMERCIO in Spanish 17 Jul 95 p 14

[Commentary by Hernan Perez Loose: A Highjacked Country'; received via Internet]

[FBIS Translated Text] Yes, indeed: if we are to draw any conclusion from these recent events, it is that Ecuador has been hijacked.

The hijackers have mainly been members of Ecuador's Chamber of Representatives, who despite the fact that they were elected to serve the people of Ecuador have apparently been engaged in making demands on the government—demands that ranged from money and sinecures to other sources of influence in return for approving bills or permitting the implementation of policies that the current government believed were necessary.

Based on what is known to date, money changed hands in exchange for approval of the modernization law. If that is true, there is no reason not to believe that a similar procedure was followed in the case of bills pertaining to customs, prices, the budget, financial institutions, agriculture, and amendments to the hydrocarbons law. Moreover, the delay in approving the amendments to the telecommunications law and the new law concerning electrification might well be explained on the basis that no agreement has yet been reached with respect to how much the payments should be.

Tradition

In democratic Ecuador, governments have traditionally governed within the narrow bounds allowed them by the existing laws, which have generally been enacted during periods of dictatorship.

The executive branch has never had what might be called a "legislative program." Moreover, governments have expressly chosen to bypass Congress, which as an institution has seen its role reduced to one of generating scandal.

Something different has occurred in the case of this government. More than ever before, its entire administration has been dependent on the issuance of a series of new laws or of amendments to a similar number of other laws. The fact is that not only here but in every democratic country in the world, a process of modernization involving structural changes requires the enactment of legislative reforms.

Corruption

The fact is, however, that not every democratic country has a political system as corrupt as ours. In effect, the political parties in control of the Congress soon became aware of the golden opportunity provided by the fact that the Executive Branch needed them in order to implement its electoral program.

It was no longer a traditional case of censuring, or not censuring, a cabinet minister who had provided the members of Congress with the opportunity to engage in bribery for personal gain. No, this time what was involved was nothing less than the fulfillment, or nonfulfillment, of the government's objectives.

The government was therefore faced with the dilemma of either yielding to the pressures from the politicians or not having an entire series of laws passed. As has been noted, the government decided "reluctantly" to avoid the latter scenario and yield to the economic pressures.

Dilemma and Paradox

This kind of dilemma is not new in Ecuador.

A similar situation had arisen previously, at the beginning of the present constitutional period. What was at stake for the government then in power was not the

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modernization of the nation's economy but the stability of its democracy, which had been inaugurated only a short time before. In the end it was decided to yield to pressures in the name of the higher objective of preserving democracy.

This situation was repeated during the ensuing administration with the aim of obtaining control of the Congress, among other things, and the phenomenon was once again replicated in the administration that followed. All this is well known to the various ministries of the government that have been given the task of administering the "secret expenses" account.

The paradoxical aspect of the present case is the fact that those who allegedly had been blackmailing the government and hijacking the entire nation include politicians who are ideologically close to the government. It is almost obscene that not only those who have enriched themselves by approving bills in which they themselves believed but also all those who have taken control of the customs service, the state enterprises, the social security system, the judicial system, and public education now pretend to be opponents of the government and even go so far as to insult the principal members of the cabinet.

How then can Congress or the court system—which, as has been alleged time and again, is a kind of branch of the political parties (not to mention the Supreme Electoral Board)—presume to judge events in which they themselves have been participants?

Self-Defense

It is therefore ridiculous to say that the purpose of the dismissal of [Vice President] Dahik is the supposed purification of the political system. Quite the contrary: what we are witnessing is the defense mechanisms of a corrupt system that cannot stand to have a civil servant say out loud what everyone is saying under their breath.

It is therefore no coincidence that none of our politicians who are crying crocodile tears have proposed any serious reforms of the political system. They have neither the will, nor the imagination, nor the incentive to do so.

Although we should worry about how to solve the present crisis, we should be even more concerned with knowing how it began and what major transformations we should carry out in order to prevent similar crises from occurring in the future.

Paraguay

Current Economic, Banking Situation Reviewed

PY2007010295 Asuncion ABC COLOR in Spanish 19 Jul 95 p 12

[FBIS Translated Text] Finance Minister Orlando Bareiro categorically stressed on 18 July that revenues from tax collection could be reduced if declining sales in the market continue. He also stated that he is very concerned about the situation. According to economic team sources, sales in the local market have fallen by 40 percent during the past two months compared to the same period in 1994. The cause is presumably the financial minicrisis that was generated by the breakdown of the system of payments. Consumers stopped buying on credit due to the uncertainty that has been created.

Members of the economic team acknowledged on 18 July that the financial minicrisis that began with the embezzlement of millions from the Central Bank and concluded with the intervention in nine financial institutions has caused a decline in sales in the local market. According to the sources, purchases by local consumers have fallen 40 percent during the past two months when compared with the same period in 1994.

It seems that the reticence of banks and other financial institutions to grant new loans, even to the commercial sector, has caused a breakdown in the system of payments. The industrialists fear that they will not be able to comply with their salary commitments. Employees, in turn, reduce their purchases to a bare minimum because they fear there will be a period of insolvency.

The majority of the organizations that group tradesmen and producers have registered a significant decline in their sales. In some cases the situation is critical.

Bareiro explained that the situation is worrisome, taking into account the fact that there are taxes that directly affect consumer goods, such as the VAT and the Selective Tax on Consumption. "If commercial activity decreases, there is a commensurate decrease in consumption, in economic activity, and therefore a decline in revenues from tax collection. We are very concerned about this problem: Revenues could decline; that is certain," he stressed.

The Bank Protection Network implemented by the Central Bank to allow financial institutions to grant loans has not yielded the desired results. The Central Bank's plan is to create a security system for banks that might eventually encounter periods of illiquidity. Private institutions can convert a portion of their portfolio to liquid assets at any time. The Central Bank will grant loans with just the portfolio as a guarantee.

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Despite this, the banks do not want to grant loans. The run on the banks by those with savings accounts in the banks that experienced intervention caused deposits in other institutions of the system to increase. Moreover, instead of increasing their loan portfolios, taking into account the fact that they have increased rsources on hand, the banks prefer to maintain a protective cushion so that they will not be taken by surprise if there is a run on the part of their savings account holders during a period of illiquidity.

Thus, the short-term effect will be even worse. The banks are attracting a large amount of resources, and in two or three months' time they will have to pay the interest on those resources, plus face possible withdrawals of savings. In view of this eventuality, the interest rates on savings could be increased substantially, thus making the lack of credit even more critical.

Peru

Visit by Cuba's Fidel Castro Viewed as Unwelcome

PY2007022895 Lima EXPRESO in Spanish 14 Jul 95 p A26

[Editorial: "Fidel Castro Is Persona Non Grata"]

[FBIS Translated Text] It was unofficially announced that Cuban dictator Fidel Castro will visit Peru to attend the inauguration of President Alberto Fujimori, reelected by overwhelming majority in the 9 April 1995 elections.

That is very bad news, but there is little or nothing the Peruvian Government can do about it. Governments of countries with which we have full diplomatic relations are always invited, virtually in an automatic manner, for these celebrations. To prevent Castro's visit, Peru would have to sever relations with Havana, something the government is probably not willing to do.

EXPRESO invites, therefore, the Cuban dictator himself to announce that he will not come to Lima for the inauguration of President Fujimori to a second term. First, for reasons of intellectual decency: Peru is a leading country concerning the implementation of the liberal economic rules at this moment in Latin America. In other words, it is opposed to the doctrines proclaimed by Castro, the last dinosaur in the world, installed in his "Cubassic Park."

Second, Castro has nothing to do with a democratic event such as the renewal of a government through free elections. He is, since the death of the North Korean satrap Kim Il-song, the most ancient of all world dictators, who has been bossing around his starving people in an all-embracing manner since 1959.

And finally, Fidel Castro must not come to Peru because we Peruvians have not yet lost our memories. Here we still remember that he sponsored the guerrillas in the beginning of the 1960's, with the ensuing death tolls and institutional distress and anxiety they caused. And it is still recalled here that he had promoted those movements openly, even through radio broadcasts.

As for the rest, it was he who supported dictator Juan Velasco Alvarado, whom he met in 1971 at the Jorge Chavez Airport, and it was his brother Raul who suggested and then praised the confiscation of the Peruvian newspapers in 1974, especially those that followed the path opened by EXPRESO since its confiscation in 1970. The person who was then Cuban ambassador to Lima, whose name it would be better not to mention, was so insolent as to lead public demonstrations in favor of Velasco Alvarado.

At this moment, the remnants of the communism that is embraced in some political organizations and in some university student unions are preparing demonstrations and homages to the senile Caribbean tyrant, seeking to obtain through him the elixir of ideological youth. They are the only Peruvians who foster his presence here on 28 July. And it is already known that they are minorities of minorities, as has been verified electorally since 1989.

Fidel Castro, you are persona non grata. Stay home; we do not want to see you here.

Shining Path Leader Recruiting Members From La Cantuta

PY2007033795 Lima EXPRESO in Spanish 4 Jul 95 p A16

[FBIS Translated Text] The same Shining Path group that murdered labor leader Pedro Diaz Maldonado is behind the attacks perpetrated on 1 July, which targeted Congressman Victor Joy Way and Noncommissioned Officer Juan Navarro Miranda, a bodyguard of PNP [Peruvian National Police] General Antonio Ketin Vidal.

This group belonging to the Shining Path's Left-Wing Liquidationist Faction (LLI) has its operational center in the sector known as La Curva, in Chosica.

According to sources close to specialized drug enforcement agencies, the LLI leader is a person nicknamed "El General," who — the same sources assert — trains new Shining Path cadres drawn from La Cantuta University and inhabitants from newly established villages situated near the Central Highway.

Other members of this gang include two elusive women, who are leaders of several "popular schools" in the shanty-towns of Felix Raucana, Moron, 7 de Octubre, Huaycan, and Victor Raul Haya de la Torre, among others.

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Both women have been identified by neighbors of Villa El Salvador, where they have been conducting a defamation campaign against community leaders, authorities from social and labor organizations, and, in particular, the Association of Small- and Medium-Scale Industrialists (Apemives).

Moreover, the elusive women are allegedly responsible for lighting bonfires with subversive symbols on the Lomo de Corvina hill, an event that was reported some weeks ago by inhabitants of that southern sector who reject Shining Path's actions.

The abovementioned sources reported that the attack on the home of Joy Way was perpetrated after Shining Path members duly camouflaged in the surrounding area had kept that home under "surveillance" for approximately 15 days. There is even indication that they used two children in the sinister plan.

A week prior to the attack, two children who "washed cars" were seen ringing the buzzers of residences — something which is not very common — offering their services. Experts are of the opinion that the objective of this action was to verify whether the owners of the houses were at home. In addition, they studied the movements of each owner.

The participation of the children reportedly took place on Saturday and Sunday, between 1400 and 1700 local time, when — according to some neighbors —they offered their "car washing" services.

On the night of the attack against Joy Way, the subversives departed from the nearby area of La Cantuta, took a shortcut toward Camacho, and traveled through Javier Prado to nearby Los Abetos Street, in Salamanca District, to steal the vehicle which they would afterward use as a car-bomb.

After the attack, they fled toward Villa El Salvador District, where they have some hideouts, to then dynamite the home of Noncommissioned Officer Juan Navarro Miranda. According to some analysts, they must be again hiding in some area near the Central Highway, as they move around permanently.

The group headed by "El General," which has recruited members from the disbanded Eastern and Southern Zone Committees, is currently planning the elimination of leaders who do not follow Shining Path orders, attacks, and trains its people.

Analysts say that the eastern Lima cone (slums near the Central Highway) is militarily important and strategic. It allows them to control one of the most essential access highways to the capital and water and electricity supply, as well as many production sources.

In the past few weeks, the Shining Path disseminated two types of messages through pamphlets: One for the slum dwellers, demanding "solidarity" to face "social problems," and the other threatening labor and community leaders who do not want to support the Shining Path.

The main objective of "Feliciano's" followers is to take over the labor unions and community leaderships by replacing their leaders with Shining Path members, to then resume the chaos that existed before April 1992.

Analysts believe it most probable that the Shining Path, when it was unable to recruit Pedro Diaz Maldonado, charismatic leader of the Miguel Grau slum and of the FAM S.A. [expansion unknown] labor union, murdered him because he was considered an obstacle to its plans.

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